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FBIS-EAS-92-126 — *30 June 1992*

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Regional Meeting on Spratlys Dispute Opens

BK2906080992 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 29 Jun 92

[Excerpt] A workshop to discuss efforts to deal with the South China Sea conflict began in Yogyakarta today and will end on 2 July. The workshop, attended by about 60 experts from the ASEAN countries, Taiwan, Laos, the PRC, and Canada [as heard], was opened by Foreign Minister Ali Alatas this morning. Here is a report by Ermina Ristyani from the Yogyakarta station of RRI [Radio Republik Indonesia] concerning several important points to be discussed at the workshop, including remarks by Foreign Minister Ali Alatas on the South China Sea conflict.

[Begin recording] [Ristyani] It is deemed urgent to find ways to develop mutually beneficial cooperation to avoid a physical confrontation in the South China Sea. According to Ali Alatas, Indonesia does not ignore the existence of territorial claims by several countries but is trying to create a conducive atmosphere to settle the claims through negotiations. Indonesia is optimistic that the workshop will serve as a means of creating a peaceful atmosphere through mutually beneficial cooperation without minimizing the degree of the claims made by these countries.

[Alatas] We want cooperation without any prejudice toward the respective claims or minimizing the degree of the claims. [Words indistinct] the claims. Thus, we should first develop cooperation in the fields of navigational safety, marine resources management, climatology, meteorology, and scientific research. Would it not be better than the current situation? We hope that the workshop will lead to a more formal cooperation.

[Ristyani] The workshop sponsored by the Development and Research Board of the Department of Foreign Affairs of the Republic of Indonesia is expected to become an official forum with representatives from each country. Thus, peace and stability will prevail in Southeast Asia. After opening the workshop, Foreign Minister Ali Alatas inaugurated the Middle East Study Center at Gajahmada University. [passage omitted] [end recording]

SRV, PRC Remain Firm on Claims

OW2906144192 Tokyo KYODO in English 1426 GMT 29 Jun 92

[Text] Yogyjakarta, Indonesia, June 29 KYODO—Vietnam and China, which recently disputed an oil exploration deal between China and a U.S. company, remained firm Monday in their sovereignty claims over the area of exploration.

But both countries promised to refrain from any military action.

In May, China and Crestone Energy Corp, a Denver-based company, signed an agreement to explore oil and natural gas covering an area in the Spratly Island group in the South China Sea.

A Vietnamese official said Monday the country is ready to settle the sovereignty issue in the oil exploration area, while a Chinese official said China is willing to cooperate in business terms but ruled out any talks on sovereignty claims.

Both officials are attending a four-day informal session here on conflicting claims in the South China Sea, which opened earlier in the day.

Representatives of 10 countries in the area of the South China Sea are attending the session aimed at seeking peaceful resolution of issues surrounding conflicting ownership claims over the littoral region.

Tran Cong Truc, deputy head of the Vietnam Continental Shelf Committee, said China's oil deal has violated the country's sovereignty rights.

But he said Vietnam will negotiate at any time to solve the issue. "It is our principle to resolve that matter peacefully," he said.

Tang Chengyuan of the Chinese Foreign Ministry said China will not give way on the issue of sovereignty.

"China has sovereignty over the Nansha Islands and adjacent waters," he said. Nansha is China's term for the Spratly Islands.

Asked if China would use armed force if Vietnam stays firm on its claim, he said, "China prefers to resort to peaceful means."

Cong Truc said Vietnam has to protect its sovereignty but added, "we will do our best to avoid military clashes."

Despite both officials' remarks, Vietnam has reportedly deployed up to 1,000 troops on the Spratlys, while China has said it will back up its oil deal with its navy.

China and Vietnam claim all the islands and clusters of reefs and atolls of the Spratlys.

Malaysia, the Philippines and Taiwan also claim some islands in the area, which is potentially rich in oil and gas.

The talks are being attended by all five claimant countries, along with Brunei which claims some other islands, as well as four countries without claims—Thailand, Singapore, Laos and the host nation Indonesia.

Indonesian Foreign Minister Ali Alatas, opening the gathering, said the South China Sea with its wealth of natural resources is an area of significant strategic importance but also "a theater of overlapping claims of sovereignty and jurisdictional claims."

"Its potential conflict is therefore obvious and we cannot therefore avoid the apprehension that after Cambodia, the next flash point might well involve those small islands strewn all over the South China Sea," he said.

Article Views SRV-PRC Dispute

BK3006015792 Bangkok BANGKOK POST in English 30 Jun 92 p 4

[Article by Jacques Bakaert under the "Eye on Indochina" rubric: "Tension in the South China Sea"]

[Excerpts] Kuala Lumpur—"A clear violation of the continental shelf of Vietnam and a grave violation of international maritime laws" is how the Vietnamese Army newspaper QUAN DOI NHAN DAN recently described a decision by the Chinese government to allow a small American oil company, Crestone Energy Corporation, to conduct exploration in the South China Sea, in an area considered by Hanoi as part of its territorial waters.

The agreement between Crestone and the National Offshore Oil Corporation of China, signed on 8 May 1992, became effective on 1 June. The exploration will take place in a zone close to the Spratly Islands. Vietnam and China claim full sovereignty over the islands, while Malaysia, the Philippines, Brunei and Taiwan seek control over some of the islands.

China has already rejected Vietnamese complaints about the Crestone deal. "This is Chinese territory and China can do whatever it wants," said a spokesman for the Foreign Ministry in Beijing. The oil contract, he added, "falls within the scope of China's sovereignty."

Long neglected, the area is now believed rich in gas, hydrocarbon and fishery resources. As Professor Mark J. Valencia said at a recent "Roundtable on Confidence Building and Conflict Reduction in the Pacific" organised in Kuala Lumpur by the Institute of Strategic and International Studies [ISIS] of Malaysia, the South China Sea and the Spratlys look "increasingly promising" from an economic point of view. [passage omitted]

Today, with the end of great power rivalries in the world, the collapse of the Soviet empire and growing attention on economic development, the South China Sea, particularly the Spratlys, is considered one of the hot spots of Asia, second only to the potential nuclear threat from North Korea.

Crestone's activity will be backed by the Chinese Navy, said a company representative in Denver, Colorado. During a visit to Singapore in August 1991 Chinese Prime Minister Li Peng declared that China was willing to put aside the question of her sovereignty over the Spratlys for the time being and develop the islands jointly with other nations. Vietnamese officials had also insisted that the question had to be resolved by diplomatic, political means.

The idea of a peaceful settlement was reinforced at the Bandung conference in October 1991. Parties involved were asked to refrain from activities that may create tension. But China is fast developing its naval capacity. There are rumours that Beijing could buy an aircraft carrier from the Ukraine, although Chinese sources said they would not confirm the deal. There is no doubt that the contract allocated to Crestone for the exploration and exploitation of block WAB 21 in the Vanguard Bank area is seen by Vietnam as a measure that will undermine confidence in Beijing's final intentions.

In recent months both Vietnam and China insisted again on their sovereign rights over the Spratlys. A senior Vietnamese official said the Chinese decision was most unfortunate, and could further delay full normalisation between the two countries. The Chinese action is especially frustrating for Vietnam since Hanoi clearly lacks the naval capacity to intervene.

In the middle of an important economic reform, with less and less money to spend on military matters, Vietnam now has no means to build a credible naval force and cannot afford a repetition of the humiliating incident of 1988.

Senior Vietnamese sources said last year that former defence minister Gen Le Duc Anh, the No. 2 man in the Politburo of the Communist Party of Vietnam and a potential candidate for the renovated (and more powerful) post of President, had told his Chinese military counterpart he was willing to be more flexible on the question of Cambodia partly in order to guarantee that China would not provoke Vietnam again in the South China Sea. Like other countries, Vietnam is watching with some concern the acquisition by China of aerial refuelling technology from Israel.

Chinese sources attending the ISIS roundtable in Kuala Lumpur refused to comment on the Crestone deal, and simply said that China had done nothing wrong as it was acting within the boundaries of its own territory. "China does not want to create tension in the region," insisted a senior Chinese source, who declined to elaborate.

A similar line has been voiced by Vietnamese officials in public, but there is no doubt that the comments made by QUAN DOI NHAN DAN reflect some of the Vietnamese anger. A senior Vietnamese source said he believed China was preparing for future negotiations and was trying to put itself in the strongest possible position.

At this point China is the key to stability in the South China Sea and some sources said that the Ministry of Foreign Affairs and the Chinese Armed Forces may not see eye to eye on this question.

A conference in Indonesia will try to further advance the cause of peaceful development and cooperation, and some commentators, including Prof Valencia, have suggested the creation of a Spratly authority to manage the resources of the area. To simply allocate zones to each claimant would be dangerous, as everybody would want the richest area. The creation of a Spratly authority would not deny individual national claim of sovereignty, just put it aside. Any agreement should of course include freedom of navigation and should probably be guaranteed by the international community.

Although the South China Sea is considered one of the few areas of possible armed conflict in the region, it appears that neither China nor Vietnam wants to bring the matter to a point of no return.

Japan

Accord Signed With Canada on Tariffication

OW3006111892 Tokyo KYODO in English 1102 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Japanese and Canadian farm ministers agreed late Monday to call for allowing exceptions on the proposed comprehensive tariffication in the Uruguay Round of multilateral trade negotiations, Japanese Government officials said Tuesday.

Canadian Agriculture Minister William McKnight agreed with Japan's Masami Tanabu, minister of agriculture, forestry and fisheries, that such exceptions are necessary, the officials said. Tanabu is currently visiting Canada.

Tanabu reportedly told McKnight that a successful solution of the round is essential but exceptions for tariffication on staple food including rice ought to be allowed.

McKnight agreed with Tanabu, the Japanese officials said. Canada currently limits import of dairy products and chickens.

McKnight expressed concerns over the future of the round should negotiations lag far beyond the Munich Summit by leaders of the Group of Seven economic powers scheduled for next week, the officials said.

Red Army Members on Wanted List for Summit

OW2906104892 Tokyo KYODO in English 1023 GMT 29 Jun 92

[Text] Tokyo June 29, KYODO—The National Police Agency [NPA] has updated an international wanted list which includes three Japanese Red Army extremists ahead of the July 6-8 summit meeting of seven major industrial nations in Munich, agency officials said Monday.

The three Japanese on the list are Fusako Shigenobu, 46, leader of the group, as well as two senior members Kunio Bando, 45, and Masao Adachi, 53, the officials said.

The agency will deliver 20,000 copies of the list bearing their latest photos to countries in Europe and Asia through the Foreign Ministry, the officials said.

The NPA placed Shigenobu and 15 Red Army members on the international wanted list in February 1990.

The Red Army, formed in 1971, is responsible for a series of hijackings and armed attacks in the 1970s, including the 1972 massacre at Lod international airport in Tel Aviv, Israel.

It is also suspected of blowing up a Singapore oil refinery in 1974, seizing the U.S. and Swedish Embassies in Kuala Lumpur in 1975, and hijacking a Japan Airlines plane in 1977.

The extremist group is reportedly based in Lebanon's Bekaa Valley and has close ties with radical Palestinian groups.

Aims, Agenda of Miyazawa-Bush Talks Discussed

OW2906235092 Tokyo KYODO in English 2315 GMT 29 Jun 92

[By Shiro Yoneyama]

[Text] Tokyo, June 30 KYODO—Prime Minister Kiichi Miyazawa's talks on Wednesday with U.S. President George Bush are aimed at coordinating their strategy for the Munich economic summit and exploring the status of Japan-U.S. relations in the post-cold war era, Japanese officials said.

Japanese officials said Miyazawa will attend an hourlong plenary session at the White House with Bush before they both fly to the presidential retreat at Camp David, Maryland, where they will continue their talks over a working dinner.

"He (Bush) likes informality," a senior U.S. diplomatic source said of the Camp David session, adding that Bush and Miyazawa will discuss U.S.-Japanese "coordination in antirecession measures."

Bush telephoned Miyazawa in Tokyo on Monday morning (Sunday night Washington time) inquiring about a new pump-priming package worked out by the Liberal Democratic Party [LDP], which has ruled Japan for most of the years since the end of World War II.

Other major issues on the agenda in the Miyazawa-Bush talks will include aid to the former Soviet Union and Cambodia, the U.S. source predicted. He said Bush and Miyazawa will also review the Tokyo Declaration and the Action Plan which were issued during Bush's visit to Tokyo in January.

The LDP, backed by two opposition parties, has passed legislation which would enable Japanese Self-Defense Forces to participate in United Nations peacekeeping operations such as those in Cambodia as early as this fall.

Miyazawa is also expected to thank Bush for having raised in his mid-June talks with Russian President Boris Yeltsin the issue of the Japanese claim to four Russian-held islands off Japan's northernmost main island of Hokkaido.

Japan is making the resolution of its claim a precondition for providing large-scale assistance to Russia.

Miyazawa will meet in London with Prime Ministers John Majors of Britain and Brian Mulroney of Canada as well as with leaders of the European Community before attending the Munich Summit from July 6 to 8 and joining other summiteers in a postsummit meeting with Yeltsin.

A senior Japanese official said Miyazawa's official working visit to the United States will emphasize the "solid" alliance between the two countries following Bush's trip in January, which Japanese officials said had focused on "negative" aspects of the relationship.

"Issues like autos and semiconductors do not represent the entire relationship," a Japanese trade negotiator said, pointing to bilateral cooperation in such areas as macroeconomic policy coordination, the Uruguay Round, the Earth Summit, structural adjustments in both countries, and North-South dialogue.

But Japanese officials acknowledged privately that Japan's chronic trade surplus with the United States is clouding the future of the trans-Pacific relationship, which the two countries hope will develop into a "global partnership."

Japan's trade surplus with the United States totaled 38.2 billion dollars in 1991, according to Finance Ministry statistics, and it is still rising.

Bush has vowed to veto trade legislation before the U.S. Congress, but election-year politics is apparently making it increasingly difficult for him to fight protectionism on Capitol Hill.

A senior Japanese official said Miyazawa will take advantage of his first official visit to the United States as premier to talk about post-cold war Japan-U.S. relations and urge Bush to work with him at the economic summit next week as a representative of the Asia-Pacific region in acting as "a counterbalance" to the Europe-led strategy for aiding Russia and Eastern Europe.

Miyazawa will convey to Bush and the Munich Summit the "Japanese point of view" regarding Russia, North Korea, Cambodia, and Vietnam, the official said, speaking on condition of anonymity.

Another official said Japan and the United States hope to take a "subregional approach" to Asia-Pacific issues such as the Asia- Pacific Economic Cooperation Forum and relations with the Association of Southeast Asian Nations.

"This is not a job-creating trip," a senior Japanese Government official quipped, alluding to Bush's January visit to Japan which Bush had said was meant to create "jobs, jobs, jobs" in the recession-hit American economy.

Miyazawa Leaves for Meeting With Bush, Summit

OW300606[illegible]92 Tokyo KYODO in English 0652 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Prime Minister Kiichi Miyazawa left Tokyo on Tuesday afternoon to attend a summit meeting of the Group of Seven major industrial economies in Munich on July 6-8 after making stops in Washington and London.

The prime minister is scheduled to meet U.S. President George Bush in Washington on Wednesday. He is also scheduled to hold a breakfast meeting with Vice President Dan Quayle and deliver a speech at Washington's National Press Club on Thursday.

Miyazawa will then proceed to London on Friday to confer with Jacques Delors, president of the European Community Commission and British Prime Minister John Major.

He is to arrive in Munich on July 5 to attend the three-day summit meeting that will kick off July 6.

After the summit wraps up, Miyazawa and leaders of six other countries are to hold talks with Russian President Boris Yeltsin to address ways to revitalize the deadlocked Russian economy.

Miyazawa will leave Munich July 9 and return home July 10.

Akita, Vladivostok Establish Sister City Ties

OW2906121292 Tokyo KYODO in English 1120 GMT 29 Jun 92

[Text] Akita, June 29 KYODO—Japan's northern city of Akita and Russia's far eastern port city of Vladivostok signed a sister city agreement Monday that will increase cultural exchange between them and help bridge the Sea of Japan, officials said.

Akita Mayor Renjiro Ishikawa joined Mayor B.B. Efremov of Vladivostok in the signing ceremony. Vladivostok already has sister city ties with Niigata, another Sea of Japan coast city.

Since 1989 Akita and Vladivostok have engaged in international sports exchanges, with Japanese baseball players and coaches donating equipment and offering training to athletes in Vladivostok.

Mayors and city officials also have paid mutual visits to their neighbors across the sea.

The agreement signed Monday aims to deepen the relationship between Akita and Vladivostok, enriching cultural understanding and securing economic cooperation throughout the Sea of Japan region, the officials said.

PRC Plans To Open Offshore Oil Fields Bids

OW2806080392 Tokyo KYODO in English 0724 GMT 28 Jun 92

[Text] Beijing, June 28 KYODO—China plans to announce soon international bidding for exploration and development of new oil concessions off its coasts, the Ministry of Energy Resources said Sunday.

China decided in 1978 to open its offshore oil fields to foreign [illegible] with the exception of those in the East

China Sea and the Strait of Taiwan. Three international biddings have already been held.

The upcoming bidding will be the first in four years.

About 50 Japanese and other oil development companies have been involved in oil exploration and development off China but have yet to strike it rich.

It is not yet known which areas China plans to open to foreign interests but the Japanese oil industry is known to be anxiously awaiting the release of geological data pertinent to the bidding.

The areas opened thus far are in the Pohai oil field off northeastern China, the Nanhai oil field off southern China and another near Hainan Island.

Japan-China Oil Development Corp. has developed three oil fields in the Pohai area with a local oil company and is producing one million tons of oil a year.

Another enterprise in which Japan Petroleum Exploration Co. has a stake plans to begin oil production in the Nanhai oil field next year.

China produced about 140 million tons of oil in 1991, including about 2.4 million tons from offshore oil fields.

Effective Use of 1990 Development Aid Reported

OW2706081492 Tokyo KYODO in English 0803 GMT 27 Jun 92

[Text] Tokyo, June 27 KYODO—Japan's Official Development Assistance (ODA) was effectively used in most cases in fiscal 1990, the Foreign Ministry said Saturday.

The ministry, in a report examining the country's economic aid for the year ended in March 1991, rated most uses of government funds as fairly good but said 15 of the 137 cases examined were found to be inadequate.

The report said a crocodile breeding laboratory established in the Philippines with Japanese aid succeeded in hatching only 80 reptiles, compared with a goal of 2,500 per year.

In another case, a multipurpose dam built in Myanmar [Burma] was left idle because of a lack of water, it said.

The report said 15 million yen was spent on construction of a hospital in Nepal, where such a facility usually costs about 100,000 yen.

As for the form of Japanese aid, the report said more shortcomings were found in projects completed with grants than those aimed at harnessing local resources with loans provided by Japan.

The report stressed the importance of dialogue between Japan and recipient countries on the disbursement of aid.

Cabinet Approves Changes to ODA Guidelines

OW3006022292 Tokyo KYODO in English 0201 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Japan announced Tuesday the establishment of a set of fundamental guidelines for its Official Development Assistance (ODA) linking Japanese aid to the promotion of environmental protection, democracy, a market economy, and demilitarization in recipient countries.

The guidelines, approved at the day's cabinet meeting, were based largely on proposals solicited by the government last May from a panel of experts chaired by former Foreign Minister Saburo Okita.

A document formulating the guidelines laid down a set of four principles for providing aid to developing countries, among them that both development and environmental protection be promoted equally and that aid not be given for military purposes nor be used to prolong international conflicts.

Another was that full attention be paid to trends in recipient countries regarding military expenditures, the development and manufacture of missiles and weapons of mass destruction, the import and export of arms, and other such matters.

The final principle was that due attention be paid to the promotion of democracy in developing countries, to efforts being made to introduce market-oriented economies, and to guarantees of basic human rights and freedoms.

The document represents Japan's latest attempt to answer domestic and international critics who say Japan's aid philosophy is vague and to solicit greater support from Japanese taxpayers for the country's ever-expanding aid program.

Explaining Japan's basic aid philosophy, the document said, "As a peace-loving nation, Japan's important mission is to play a role commensurate with its national capacity, assisting in the maintenance of world peace, and ensuring world prosperity."

It explained that stability and progress in the developing world is indispensable for the peace and prosperity of the entire globe and said developed countries like Japan cannot from a moral standpoint ignore the hunger and poverty in the majority of the nations of the world.

"Japan's ODA will have as its aim the accomplishment of healthy economic growth in recipient countries," the document said. "It will be provided on the basis that it is to support the self-help efforts of developing countries in their push toward economic takeoff."

It also said ODA will be provided with a view to promoting friendly bilateral relations and bringing about "justice and good government, as well as the efficient distribution of resources."

"Japan's ODA will work for sustainable development on a global scale, while placing importance on environmental preservation," it pledged.

The document also said Japan's ODA will continue to give top priority to Asia, due to close links to Japan historically, geographically, politically, and economically.

But at the same time, it said, Japan will extend aid "commensurate with its own resources" to various other regions of the world, while giving special consideration to the least developed countries.

The document said priority will continue to be placed on infrastructure improvements "as a basic precondition to socioeconomic development," as well as on long-term, self-help projects such as training programs and improvements in research and development potential.

Japan has been criticized for focusing its aid program too much on loans for infrastructure improvements at the expense of grants for basic human needs.

The guidelines said Japan would continue maintaining a close relationship between ODA and direct investment and trade.

The document said Japan's own experience in developing to its present stature would be put to practical use in its aid policy.

It said the experiences of other Asian countries which have succeeded in taking off economically would also be put to use.

Kato: Personnel Cannot Join UN in Yugoslavia

OW3006104492 Tokyo KYODO in English 1010 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Japan cannot join UN peacekeeping operations in Yugoslavia unless the warring parties agree to a ceasefire, top government spokesman Koichi Kato said Tuesday.

Under current conditions, it would be impossible for Japan to dispatch personnel to the besieged Bosnian capital of Sarajevo, the chief cabinet secretary said.

A law passed this month allowing Japan to participate in UN peacekeeping activities requires a ceasefire agreement and consensus on Japanese participation among parties to the conflict before Tokyo may dispatch personnel.

Kato declined comment on a proposal backed over the weekend by the 12-nation European Community supporting the use of force by the United Nations to provide humanitarian aid to Sarajevo.

ROK Politician Urges Caution in Troop Dispatch

OW3006123292 Tokyo KYODO in English 1215 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—South Korean presidential hopeful Pak Chan-chong urged Japan on Tuesday to exercise "caution upon caution" in dispatching its troops overseas on United Nations peacekeeping operations.

In a meeting here with Japanese Defense Agency Chief Sohei Miyashita, Pak, head of the New Party for Political Reform, requested Japan's understanding about Korean anxieties over any dispatch of Japanese military personnel overseas.

"There is a sense of dread among the people of regions invaded by Japan in the past that Japan is seeking to expand from an economic power to a political power," Pak said as he voiced anew South Korea's concern about the recently enacted law.

He urged the dispatch of Self-Defense Forces overseas on UN peacekeeping missions "be executed with caution upon caution."

At a news conference earlier Tuesday, Pak speculated that Japanese courts would dismiss a suit filed by South Korean women forced to provide sex for Japanese soldiers during World War II.

"I am not questioning Japan's legal system, but if one considers Japan's national interests, I would expect the Tokyo District Court to dismiss the comfort women case," Pak said.

The 53-year-old Pak, who occupies his party's only parliamentary seat, called for compensation for the women and other Koreans who suffered under Japan's 1910-1945 colonial rule of the Korean peninsula.

A former lawyer and prosecutor, Pak said he will pay a courtesy call Wednesday to offer advice to lawyers for the 41 South Korean plaintiffs, among them former "comfort women" and soldiers conscripted by the Imperial Japanese Army.

Each is seeking 20 million yen in compensation in the suit filed last December.

Pak rejected Japan's position that the compensation issue was closed by a 1965 treaty that normalized relations between Japan and South Korea, saying that the treaty was faulty.

Unresolved matters such as compensation and repatriation of Korean cultural items should be addressed as they emerge, he said.

Pak arrived in Japan on Monday for a three-day visit.

He is one of four candidates in a race being led by front-runners Kim Yong-sam, executive chairman of the ruling Democratic Liberal Party, and Kim Tae-chung, leader of the opposition Democratic Party, and Hyundai business magnate Chong Chu-yong of the Unification National Party.

ROK Patrol Detains Four Fishing Boats, Crews

OW2906020392 Tokyo KYODO in English 0011 GMT 29 Jun 92

[Text] Kitakyushu, Fukuoka Pref., June 29 KYODO—A South Korean patrol boat detained four Japanese fishing boats with a total of 43 crew members Sunday afternoon in the Korea Strait for allegedly operating within South Korea's exclusive fishing zone, Maritime Safety Agency officials in Kitakyushu said early Monday.

The four ships, all belonging to Taiyomaru Gyogyo Co. of Nagasaki, where they were based, were detained 26.4 kilometers northwest of Tsushima Island, which is part of Nagasaki Prefecture [words indistinct].

The four ships were ordered to accompany the patrol boat to Pusan for further questioning, they added.

No other details were immediately known.

French Ambassador Urges Further Investment

OW3006125892 Tokyo KYODO in English 1242 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—A French ambassador visiting Tokyo called Tuesday for further Japanese investment in his country.

Jean-Daniel Tordjman, French ambassador in charge of international investment, told a news conference that his country is making efforts to attract foreign investment by removing almost all regulations.

Taking up a post newly set up in January, Tordjman said he has pursued his roles to conduct market research and establish contacts with foreign industrial leaders to invite investment in France.

Noting that Japanese investment focused on Britain in the 1980s, he said that in the 90s Japanese companies will find good investment opportunities in France's remarkable infrastructure including roads, airports, and telecommunications networks, as well as spacious sites at a relatively low cost.

During his 10th visit to Japan, scheduled to last from Monday through Friday, Tordjman said he intends to invite investment as he meets with Japanese manufacturers, trading houses, banks, and other businesses in Tokyo, Nagoya, and Osaka.

Peru Requests Assessment of Democratic Efforts

OW3006133092 Tokyo KYODO in English 1305 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Peruvian Ambassador Victor Aritomi on Tuesday asked Tamisuke Watanuki, secretary general of the ruling Liberal Democratic Party, to visit Peru to see if democratization is making any headway there, party officials said.

Aritomi, who met Watanuki at the LDP's headquarters, told him that Peru has been making efforts to restore democracy by holding talks with opposition leaders and discussing human rights ahead of general elections scheduled for November, the officials said.

Aritomi asked for further Japanese cooperation to help Peru succeed in its democratization efforts, they said.

Watanuki replied that Japan is thinking about various ways of supporting Peru [words indistinct] they said.

On April 5, Peruvian President Alberto Fujimori assumed emergency powers by dissolving congress and temporarily closing the courts, saying they had blocked his efforts to fight leftist guerrillas and the drug trade.

Japan expressed regret over the action but has remained the largest aid donor to Peru despite calls from other nations to withhold all nonhumanitarian aid to pressure Fujimori to restore democracy.

Telecommunications Stock Opening to Foreigners

OW2906121192 Tokyo KYODO in English 1122 GMT 29 Jun 92

[Text] Tokyo, June 29 KYODO—The government said Monday it will lift a ban August 1 on foreign investors acquiring stock in domestic telecom giant Nippon Telegraph and Telephone Corp. (NTT).

Government officials said the decision is in line with the government policy of liberalizing the domestic telecommunications market.

Stock in Japan's overseas telecom firm KDD will also be opened to foreign investors the same day, they added.

The officials expressed hope that the move will help boost NTT's sagging stock, which closed Monday at 581,000 yen on the Tokyo Stock Exchange.

Foreign investors have been barred from acquiring NTT shares under the domestic law aimed at preserving the government's control of the telecom market.

Under a revised law, foreign investors will be allowed to obtain up to 20 percent of NTT's outstanding shares.

Embassy in Colombo Denies Malpractice Claim

OW2606085492 Tokyo KYODO in English 0641 GMT 26 Jun 92

[Text] Colombo, June 26 KYODO—The Japanese Embassy in Colombo denied a claim by a Japanese businessman Friday of "under the table" transactions in the issuing of visas and other malpractice.

The embassy made the denial in a letter to an English-language daily published in Colombo, THE ISLAND, after the businessman, Katsuji Ishihara, raised the matter in a letter to Sri Lankan President Ranasinghe Premadasa.

Ishihara, who has been visiting Colombo on business for the past four years, said in his letter that he has filed a suit against the Government of Japan in regard to the matter and also urged it to lift visa restrictions on Sri Lankans.

The embassy letter, published in Friday's edition of the newspaper, called the claims "false and unfounded."

It said although Ishihara had tried to file a legal action against the Government of Japan, the judiciary authorities have not entertained his submissions.

Sri Lankan Foreign Ministry officials declined comment, saying neither the ministry nor the Sri Lankan Government would interfere in the affairs of a diplomatic mission.

LDP Urges Rejection of Diet Mass Resignations

OW2706141292 Tokyo KYODO in English 1342 GMT 27 Jun 92

[Text] Tokyo, June 27 KYODO—House of Representatives Speaker Yoshio Sakurauchi will try to avoid a parliamentary deadlock by rejecting the Diet resignations of 141 opposition members, ruling party sources said Saturday.

The ruling Liberal Democratic Party (LDP) wants Sakurauchi to return the resignation letters of the 137 Social Democratic Party (SDP) members and four United Social Democratic Party (USDP) members June 30, the sources said.

The opposition lawmakers submitted their resignations June 15 in a last-ditch effort to block a bill allowing Japanese troops to join peacekeeping missions overseas. The law was enacted that day.

Sakurauchi has called the resignations, aimed at forcing a dissolution of the lower house, a political tactic, the sources said.

He will tell the opposition leaders that the mass vacancies that would result if he accepted their resignations would cripple Diet business, they said.

The LDP wants Sakurauchi to call SDP leader Makoto Tanabe and USDP leader Satsuki Eda to his chambers June 30 to express his refusal after the ruling party, the two opposition groups, and centrist opposition parties hold talks on the issue earlier in the day, the sources said.

The SDP and the USDP want Prime Minister Kiichi Miyazawa to dissolve the 512-seat lower house and call a general election as a national referendum on the peacekeeping law, which opponents say violate's Japan's pacifist Constitution.

Komeito Leader Ishida on Alliance With LDP

OW3006122292 Tokyo KYODO in English 1208 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—The leader of Japan's No. 2 opposition party Komeito on Tuesday denied his party will always be allied with the ruling Liberal Democratic Party (LDP).

Koshiro Ishida, speaking at a press conference at the Japan National Press Club, brushed aside criticism for forming a parliamentary coalition with the LDP on the passage of a legislation that allows the Self-Defense Forces to join UN peacekeeping activities.

Ishida said, "we will ally ourselves with other parties, including the LDP and the Social Democratic Party (SDP), if our policies correspond with theirs."

Komeito formed a coalition with the LDP and the Democratic Socialist Party (DSP) to enable the UN peacekeeping cooperation legislation to pass through the Diet.

United Social Democratic Party (USDP) leader Satsuki Eda spoke to reporters earlier in the day at the same club and suggested his party and the SDP, the largest opposition party, may merge following the July 26 regular election for the House of Councillors.

"The USDP and SDP will change the relationship between them based on 'hopeful conditions' following the upper house election," Eda said.

The USDP currently has four House of Representatives members and one upper house member.

Eda then turned to the issue of security and proposed that the Defense Agency should be changed into a "security agency" by revising the agency's structure.

The proposed security agency would have departments to handle defense policies in Japan and to cooperate with UN peacekeeping operations, Eda said.

In the Diet, the USDP voted against the peacekeeping cooperation law.

Eda said, however, that the SDP lacks unity on policies.

On the prospects of the opposition creating a coalition government, Eda said Rengo Sangiin is a key factor in such a line-up.

Rengo Sangiin, an affiliate of the Japanese Confederation of Trade Unions (Rengo), plans to field 23 candidates in the upcoming upper house election.

USDP Suggests Merger With SDP After Polls

OW3006064292 Tokyo KYODO in English 0634 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—United Social Democratic Party (USDP) leader Satsuki Eda suggested

Tuesday that his party and the Social Democratic Party (SDP) may merge following the House of Councillors election to be held July 26.

Speaking to reporters at the Japan National Press Club, Eda said, "The USDP and Japan's largest opposition party will change the relationship between them based on 'hopeful conditions' following the upper house election."

The USDP currently has four House of Representatives members and one upper house member.

Eda said, however, that the SDP lacks unity on policies.

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The proposed security agency would have departments to handle defense policies on Japan and to cooperate with UN peacekeeping operations, Eda said.

In the Diet, the USDP voted against the recently enacted law to allow the sending of Self-Defense Forces overseas to join UN peacekeeping missions.

Gist of LDP Emergency Economic Measures Listed

OW2706115992 Tokyo KYODO in English 1150 GMT 27 Jun 92

[Text] Tokyo, June 27 KYODO—Following is the gist of a 6 trillion to 7 trillion yen package of emergency economic measures announced by the ruling Liberal Democratic Party on Saturday, ahead of an economic summit of seven major industrial nations:

—Flexible fiscal operations including early formation of large-scale supplementary budget. No details on size of supplementary budget.

—Promotion of private investment in plant and equipment through such measures as easing taxation.

—Requesting financial institutions to step up loans and relax lending conditions.

—Activating capital market by reviewing taxes on securities transactions, while revising law to allow companies to buy their own shares.

—Bailing out small and medium-sized corporations by boosting loans to them by 1 trillion yen.

Tanahashi Supports Package

OW2906093092 Tokyo KYODO in English 0920 GMT 29 Jun 92

[Text] Tokyo, June 29 KYODO—Vice Trade Minister Yuji Tanahashi said Monday he supported an emergency pump-priming package proposed by the ruling party to shore up the slumping domestic economy.

"I share the view" with the Liberal Democratic Party (LDP) on the importance of bold measures to stimulate the economy, said Tanahashi, who is vice minister of international trade and industry.

The LDP proposed a 6-7 trillion yen package which emphasizes tax incentives for housing and corporate capital investment, and a large-scale supplementary budget to be formulated around September.

Prime Minister Kiichi Miyazawa will explain the set of measures to U.S. President George Bush when the two meet in Washington later this week, Chief Cabinet Secretary Koichi Kato said.

It will be the second time this year for the government to directly bolster the domestic economy. The initial round of six-point measures adopted in March focused on the front-loading of outlays set aside for public works projects in fiscal 1992, which began April 1.

Tanahashi said the LDP's proposal will have "a psychological impact" on the economy.

Agency Proposes Additional Public Works Outlays

OW2906120992 Tokyo KYODO in English 1131 GMT 29 Jun 92

[Text] Tokyo, June 29 KYODO—A private think tank urged the government Monday to earmark an additional 4 trillion yen for public works projects in the current fiscal year to stimulate the domestic economy.

The Research Institute of Construction and Economy said such a large-scale pump-priming package is necessary to attain the government's target of a 3.5 percent economic growth rate in fiscal 1992, ending next March 31.

The institute said the heavy front-loading of public works outlays incorporated in the government's economic program adopted at the end of March will help expand the domestic economy by a maximum of 2.6 percent in the current year.

The program called for the government to advance 75 percent of outlays set aside for fiscal 1992 public works projects in the first half of the year as a step to prop up the domestic economy.

The institute warned, however, that a further easing of the credit stance might rekindle the "bubble economy" and expand Japan's external surplus.

The institute, citing its estimate, said additional spending of 4 trillion yen on public works project will help boost the domestic economy by 3.5 percent in the current fiscal year.

It said additional investment should be focused on housing construction by raising the necessary funds by issuing bonds.

Hata on Yen's Upswing, Fiscal Stimulus Package

OW3006032392 Tokyo KYODO in English 0310 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Finance Minister Tsutomu Hata on Tuesday welcomed the yen's overnight upswing, calling it a "good trend."

The dollar further declined against the yen in overseas markets Monday, sinking below the 125-yen line for the first time in five months.

Hata said at a news conference following a regular cabinet meeting that the yen's firmness is due to a variety of factors in the United States. He did not elaborate.

Hata said Prime Minister Kiichi Miyazawa sought cooperation from him and two other cabinet members over the fiscal stimulus package announced by the Liberal Democratic Party on Saturday.

After the cabinet meeting, Miyazawa told the three cabinet members—Economic Planning Agency Director General Takeshi Noda and Chief Cabinet Secretary Koichi Kato as well as Hata—that he would like to cope with the situation appropriately while carefully watching developments in economic conditions, according to Hata.

The LDP on Monday presented to Miyazawa its plan for a new fiscal stimulus package to reinforce the impact of a pump-priming package announced at the end of March.

Hata reiterated that the government should fully assess the effects of fiscal and monetary measures it has already implemented before considering any additional fiscal spending.

The government should measure, among other things, how smoothly the front-loaded public works spending is being put into effect, Hata said.

Economic Index Indicates Recovery 'Not in Sight'

OW3006054592 Tokyo KYODO in English 0520 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—The government said Tuesday its key economic forecasting gauge fell below the so-called "boom-or-bust line" in April for the 20th month in a row, indicating a robust economic recovery is not in sight yet.

The Economic Planning Agency [EPA] said the index of leading indicators, designed to forecast economic activity three to six months ahead, stood at 18.2 in April.

A reading above 50 is regarded as a signal that the economy will expand, while a figure below 50 is viewed as a sign that the economy will contract, according to EPA officials.

The coincident index, which measures the current economic activity, stood at 22.2 in the latest reporting month, while the lagging index, a gauge of economic activity in the recent past, was given as 35.7.

More on Economic 'Doldrums'

OW3006075692 Tokyo KYODO in English 0726 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Government economic indicators showed Tuesday the Japanese economy, hit by swollen inventories and drooping demand, is likely to stay in the doldrums at least until the autumn.

The leading business index for April, announced by the Economic Planning Agency (EPA), plunged to 18.2, lingering below the "boom-or-bust" line of 50 for the 20th consecutive month.

The finding, which compared with a revised 50.0 for March and 38.5 for February, prompted private-sector economists to declare that the economy will not get out of the current slowdown at least until the autumn.

Masaru Takagi, chief economist at Fuji Research Institute, said the April figures show the economy in continued limbo, though he saw some bright signs in the housing sector.

With the leading index taken to foreshadow economic activities about six months ahead, any economic recovery will come after October, he said.

"We still believe the economy will recover in the October-December quarter but may be forced to revise our projections, depending on the figures for May and June," he said.

The EPA apparently agreed with Takagi, with an official saying that the economy is now "at a stalemate."

But the [words indistinct]

According to the latest report, across-the-board activities of the economy, ranging from inventories to durable goods demand to employment, were sluggish, with only the housing sector on the sunny side.

The EPA official particularly noted a slower drawdown of inventories, which is one of the largest drags on the economy.

The steady inventory adjustment seen in February and March came to a lull in April, he said, as demand is wilting faster than the drawdown process.

The EPA's report also said the coincident index, which tracks the economy's current path, stood at 22.2, down again from a revised 30 for both February and March.

A reading above 50.0 is regarded as a signal that the economy will expand, while a figure below the line is viewed as a sign that the economy will contract.

The lagging index, which indicates past business performance, however, recovered to 35.7 from March's 25.0.

Takagi said that recent discount rate cut by the Bank of Japan (BOJ) and the fiscal stimulus envisaged in the government's emergency economic package are not enough to resuscitate the economy.

He called for "a large-scale" supplementary budget "at the earliest possible time," which he aid can be a savior of the economy.

Officials Surveyed on Current Business Slowdown

OW3006081992 Tokyo KYODO in English 0759 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Most of Japan's manufacturing industries continue to suffer from slow sales, although limited sectors such as housing and semiconductors are beginning to see signs of business recovery, according to industry officials.

The front-loading of public works spending, which was announced by the government last March as part of pump-priming measures, has yet to produce any visible effects on the economy, the officials said.

A general consensus among the officials interviewed by KYODO News Service is that the current business slowdown will be prolonged, despite some expectations that the additional economic stimulation measures announced by the ruling Liberal Democratic Party on June 27 will give a psychological boost to the industries.

—Automobiles

The automobile industry has a dim outlook, after new car sales in May recorded the 13th consecutive year-on-year fall.

Atsushi Muramatsu, vice president of Nissan Motor Co., said the depressed Japanese stock market is contributing to slow domestic auto sales.

Auto exports to the United States and Western Europe also remain stagnant.

An auto dealer said sales will remain slow at least until next year, when demand is expected to increase for replacement of the 1988 models.

—Electronics

The home electronics industry is at rock bottom, said Masahiko Hirata, director of Matsushita Electric Industrial Co.

Demand is beginning to recover, however, for semiconductors, both for export to the United States and for domestic marketing.

Toshiba Corp., which has increased its production of 4-megabit dynamic random access memory (dram) chips by 10 percent since the end of last year, says it plans an additional 10 percent increase for the products by the end of this year.

—Retailers

Consumer sales are also in the doldrums.

Hiroshi Hidaka, president of the department store operator Takashimaya Co., said the retail industry is also at bottom, after hitting a peak during the years of the "bubble economy" in the late 1980s.

"The next peak, if it comes, will be low," he said.

Japan's department store sales in May posted the third consecutive year-on-year fall.

Isao Nakauchi, president of the supermarket chain operator Daiei Inc., said the retail industry expects to feel the impact of the front-loading of public works spending in the coming months.

There are signs of sales recovery for some consumer goods, such as travel bags, cosmetics, and fashion clothing, and in some areas of western, southern, and central Japan.

—Tourism

The travel industry is doing well.

Japan Travel Bureau Inc. (JTB) reported that the number of travelers joining its overseas package tours in May increased 30 percent from a year earlier, when sales were slow due to the Persian Gulf war.

—Housing

Demand for housing is also increasing, thanks to lowered interest rates.

Housing starts in April registered the first year-on-year rise for the first time in one and a half years, and senior construction ministry officials forecast that starts in fiscal 1992, ending next March 31, will hit 1.4 million units, up from 1.34 million units the previous year.

Condominium sales, however, remain stagnant, having posted year-on-year falls for 13 straight months.

There has been some sales recovery for moderately priced apartments of about 50 million yen each, but most of the expensive units costing 100 million yen remain unsold, real estate companies said.

—Steel

Among the basic materials industries, the steel industry succeeded in reducing its inventories to 7.79 million tons in May, down 950,000 tons from six months earlier.

But Shigeru Tanaka, executive director of Kobe Steel Ltd., said the industry sees little prospect for sales recovery and faces a dumping suit by U.S. steelmakers.

The Ministry of International Trade and Industry (MITI) for [word indistinct] crude steel production in the July-September quarter at 24.3 million tons, down 10.5 percent from a year earlier, a double-digit fall for the second consecutive quarter.

Tokyo To Favor Smaller Firms With Orders

OW3006060992 Tokyo KYODO in English 0534 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—The government decided Tuesday that 39.9 percent of all orders to be placed by the public sector in fiscal 1992 should go to small- and medium-sized companies.

The total amount of expenditures for Japan's public-sector orders will be 11,124.0 billion yen for the year, which ends next March 31.

According to the government, the target for orders to be placed with small- and medium-sized companies was set at 4,434.0 billion yen for the current fiscal year.

The amount set aside for smaller businesses was a record high and up 540.0 billion yen, or 13.9 percent from the previous year, the biggest rise in 10 years, government officials said.

To boost orders for small- and medium-sized companies, the government will provide all necessary information on specific orders as part of the whole public demand plan, they said.

The government also hopes to provide chances for competition to smaller enterprises by avoiding placing priority on larger companies, the officials said.

Job Openings Said To Outnumber Job Seekers

OW3006024592 Tokyo KYODO in English 0210 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—The ratio of job openings to job seekers has declined for the 14th consecutive month in May due to the economic slowdown, which has accelerated since the middle of last year, the Labor Ministry said in a monthly report Tuesday.

The ratio for May stood at a seasonally adjusted 1.14, down 0.03 percentage point from April, the report said. The ratio has dwindled since March 1991 when it stood at 1.47.

The figure means there were 114 job openings for every 100 job seekers in May, ministry officials said.

Meanwhile, Japan's seasonally adjusted unemployment rate stood at 2.1 percent in May, up 0.1 percentage point over April, said a report released by the Management and Coordination Agency.

The seasonally adjusted unemployment rate has been drifting at 2-2.2 percent since June 1989.

The size of the work force, including the unemployed, stood at 66.53 million in May, an increase of 700,000 or 1.1 percent from a year before, the preliminary government report said.

The male work force totaled 39.17 million, up 1.1 percent, and the female 27.36 million, up 1.1 percent.

The number of unemployed in May totaled 1.42 million, an increase of 60,000 or 4.4 percent over a year earlier, and comprised 830,000 men and 590,000 women.

A breakdown of those in work showed there were 8.74 million self-employed, down 1.9 percent from a year before, 4.84 family workers, down 6.2 percent, and 51.34 million salaried workers, up 2.3 percent.

By industry, agriculture-forestry accounted for 4.24 million, down 5.8 percent from a year before; construction 6.29 million, up 1.1 percent; manufacturing 15.41 million, down 0.6 percent; wholesale-retail and food services 14.69 million, up 0.8 percent; and services 14.82 million, up 4.1 percent.

Labor Shortage Boosts Inflow of Illegal Workers

OW3006025292 Tokyo KYODO in English 0206 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—The acute labor shortage in Japan has boosted the inflow of illegal foreign workers in the country, the Labor Ministry said in an annual report Tuesday.

The report, released by the ministry every year to analyze the labor situation in the Japanese economy, said there was a total of 210,000 illegal foreign workers, mostly from Asian countries, as of November 1991, twice the number a year before.

Despite the current business slowdown, Japan has faced an acute shortage of workers since an economic boom started in November 1986, the report said.

The report said the shortage of workers is attributed to the expansion of domestic markets, corporate efforts to advance into new business areas, trends for shorter working hours, and the development of the service industry.

In addition, the report said the service industry has needed more workers to cope with diversifying consumer demands, such as their wanting 24-hour services at convenience stores.

Last year, the ratio of job openings to job seekers stood at a seasonally adjusted 1.40 on average, meaning that there were 140 job openings for every 100 job seekers, the report said. It added the unemployment rate was around 2.1 percent throughout the year.

Reacting to the shortage of workers, for the next three years, the report said, 73.8 percent of Japanese firms will close their redundant sections and make equipment investment effectively to save on the labor force.

Apart from the shortage of workers in the years of the business boom, the report drew as other trends active job hopping by workers from one firm to another (tenshoku), the introduction of wage differentials among workers in accordance with their abilities, advancement of female workers to labor markets, and shorter working hours.

Regarding "tenshoku," the report said more workers have changed their job as they are dissatisfied with labor conditions and are not fit for the jobs, adding the rate of such workers stood at 26.1 percent in 1990, up 10.4 percentage points from 1975.

The report did not detail why Japanese companies have introduced wage differentials among employees in accordance with their abilities. But, it said the wage differentials have been introduced by not only large but also small- and medium-sized companies.

Concerning shorter working hours, the report called on employers and employees to give top priority to cutting hours as part of their efforts to achieve an affluent life.

Japanese workers put in an average 2,008 hours in fiscal 1991 ended March 1992, the report said. That is 50 to 500 hours more than annual working hours of their counterparts in the United States, Germany, France, and Britain.

Plan on Improving Living Standards Approved

OW3006024392 Tokyo KYODO in English 0212 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—The cabinet approved a new five-year economic plan on Tuesday, which calls for the creation of better living conditions, such as fewer working hours and lower-priced houses.

Under the fiscal 1992-1996 plan, the government would promote efforts to hold down the average annual working hours in Japan to 1,800, and enable workers to buy houses near large cities at prices around five times their annual income.

The plan, worked out by the Economic Council, an advisory panel to the prime minister, anticipates an annual economic growth of 3.5 percent in real terms during the period.

It also calls for Japan to build more harmonious economic relations with the world community and contribute to solving environmental issues.

Fukushima Nuclear Reactor 'Automatically' Stops

OW3006061192 Tokyo NHK General Television Network in Japanese 0300 GMT 30 Jun 92

[From the "NHK News" program]

[Text] The No. 1 nuclear reactor at Fukushima No. 1 Nuclear Power Plant, which is operated by the Tokyo Electric Power Company, Ltd. [TEPC], automatically stopped last night due to a sudden rise in pressure inside the reactor. The reactor was undergoing a regular inspection and the incident occurred while inspectors were resuming operation of the reactor. It has been reported that no radioactive leakage was detected around the reactor.

According to a report sent to the Ministry of International Trade and Industry [MITI] from TEPC, the No. 1 reactor at TEPC's Fukushima No. 1 Nuclear Power Plant automatically stopped immediately after a censor detected abnormally high pressure in the reactor. The incident occurred a little after 2000 yesterday while inspectors were resuming operation of the reactor during the final stage of a regular inspection.

The No. 1 reactor is a boiling water reactor and has been under regular inspection since January. Last night inspectors were checking whether a safety device would work as designed by spinning a turbine at a high speed.

The MITI suspects that the turbine caused the incident because no abnormality has so far been detected in the reactor. The MITI asked the TEPC to investigate the cause of the incident.

Textbooks Contain More on Aggression in Asia

OW3006111292 Tokyo KYODO in English 1005 GMT 30 Jun 92

[Text] Tokyo, June 30 KYODO—Newly approved social studies textbooks for use in junior high schools contain positive descriptions of the Self-Defense Forces (SDF) but also devote more space to Japan's brutal wartime treatment of its Asian neighbors.

The Education Ministry, which by law screens textbooks and can refuse to allow them in the nation's schools, unveiled Tuesday the results of a screening of textbooks on social studies and eight other subjects under its new guide to teaching.

The new textbooks are to be used for four years starting next April.

The results showed that seven of the eight social studies textbooks said Japan has the right of self-defense.

Publishers told KYODO News Service that issues concerning the SDF were the main point in the screening, which took place amid heated national debate on the UN peacekeeping cooperation bill.

The law, enacted June 15, will allow Japanese troops to be sent abroad for the first time since the end of World War II, with the exception of the dispatch of Japanese minesweepers to the Persian Gulf after the Gulf war.

The new texts also devote an increasing amount of space to describing Japan's aggression on the Korean peninsula and in Southeast Asia.

Not all gave details but some mentioned that two million Vietnamese starved to death under Japanese occupation and that the Japanese Army killed 6,000 Chinese merchants residing in Singapore.

Publishers said the Education Ministry did not express any view on these descriptions but did encourage the use of stronger wording, such as that Japan inflicted "unbearable suffering in the past" on its Asian neighbors instead of merely "causing trouble."

The new descriptions of Japan's aggression reflect former Prime Minister Toshiki Kaifu's speech of May 1991 on his visit to member countries of the Association of Southeast Asian Nations (ASEAN).

Kaifu said Japan regrets the atrocities it inflicted during the war and stressed the need for educating young Japanese about Japan's wartime history.

Two newly approved textbooks carry full-page accounts of the forced labor that the Japanese military imposed on Koreans and other Asians forcibly conscripted and brought to Japan before and during the war.

Descriptions of Korea's independence movement March 1, 1919, were also given a full page in one of the textbooks.

The Korean peninsula was under Japanese colonial rule between 1910 and 1945.

Some textbooks mentioned the Japanese Imperial Army's presence in the Solomon islands and Myanmar [Burma] with seven photos and pictures, and one geography book introduced memorial museums in Asian nations which tell about Japan's aggression in items about overseas travel.

None of the texts, however, mentioned the word "comfort women," who were forced to provide sex to Japanese soldiers in frontline brothels during World War II.

But two of the civic education textbooks and one geography text mentioned that "many Koreans and other women were sent out to the front under the name of Teishintai or self-sacrifice corps."

An estimated 100,000 to 200,000 Asian women and girls, mostly Koreans, were forced to become comfort women.

Mongolia

MPRP Reportedly Receives 92 Percent of Vote

LD2906193292 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1700 GMT 29 Jun 92

[From the "Novosti" newscast]

[Text] The preliminary results of the elections to the Great People's Hural, the Mongolian parliament, have just come in. For many they are a surprise: 92 percent of the electorate have voted for the candidates of the Mongolian People's Revolutionary Party. The final results will be known on 4 July, our correspondent Aleksandr Ukhov has reported.

PRC Company Provides Labor to Choybalsan City

SK2906221092 Harbin HEILONGJIANG RIBAO in Chinese 21 May 92 p 1

[By Zhang Guoqing: "Harbin Starts Construction of First Labor Service Project in Mongolia"]

[Text] The vegetable planting project undertaken by the Harbin Foreign Trade Company and the (Darhan) Company of Mongolia started in Choybalsan city of the State of Mongolia on 20 May.

According to the contract signed by the two sides, the Harbin Foreign Trade Company cooperated with the Binxian County Foreign Trade Company in sending 10 laborers from the county's areas afflicted by floods last year to plant vegetables in Choybalsan. The Chinese side provides labor for vegetable production, and the Mongolian side provides scrap iron, scrap aluminum, or the soybeans the laborers produce as compensation. The term of the cooperation was fixed at three years for the time being. When the vegetable acreage is expanded, both sides will also conduct new cooperation projects, such as establishing canned vegetable plants, soybean oil processing plants, and distilleries in Choybalsan.

North Korea

No Tae-u 29 Jun Statement Denounced

SK3006044992 Pyongyang KCNA in English 0411 GMT 30 Jun 92

["Fascist Commitments Veiled With 'Democracy'"—KCNA headline]

[Text] Pyongyang June 30 (KCNA)—The South Korean ruler called a "meeting for the assessment of the June 29 declaration" with the lapse of five years since the publication of the "June 29 declaration" claimed to be "commitments to democratization" and let loose a shameless jargon that all the 8-point "reforms for democratization" laid down in the "June 29 declaration" have been carried out.

NODONG SINMUN today denounces this as a rigmarole seeking to extend the power of the "Democratic Liberal Party" by creating the impression that he has done something during his office and thus improving his public image.

Recalling that he has engaged himself in fascism and treachery, war and division from the first days of his office, hanging out the signboard of "commitments to democratization", an analyst of the paper says:

A savage military fascist dictatorship has been established in South Korea where they claim "democracy has been achieved." Workers and peasants and other strata of people demanding elementary rights to existence are brutally suppressed and arrested there.

It is the height of impudence to talk about democracy while reinforcing the fascist ruling machines, refusing their destruction, prerequisite to the democratization of the South Korean society, and while enacting more fascist laws and revising them retrogressively, far from scrapping them.

The "commitments to democracy" advertized by the present ruler are all an empty talk and lie. They have turned out today to have been commitments to fascism veiled with "democracy".

This is nothing but a drama to prop up and prolong the military fascist dictatorial power.

Envoy in Beijing Discusses Nuclear Inspections

SK3006021192 Pyongyang Korean Central Broadcasting Network in Korean 2300 GMT 29 Jun 92

[Text] A news conference was held at our country's embassy in China on 29 June to talk about the International Atomic Energy Agency's [IAEA] nonregular nuclear inspection of our country. Chinese newspaper, news agency, and broadcasting reporters as well as foreign correspondents based in China were present. Chu Chang-chun, our country's ambassador to China, spoke at the news conference.

Pointing out that the IAEA recently conducted a nonregular inspection in our country, and its results have been officially reported to the June meeting of the IAEA Board of Governors, he said that the result of this inspection had again clearly proved the innocence [kyolbaeksong] of our country's nuclear policy, which is to use atomic energy only for peaceful purposes, and our consistent stance on turning the Korean peninsula into a nuclear-free zone.

Saying that the government has fulfilled its duty, as it had promised to the international community, by taking initiatives and aggressive measures aimed at accepting nuclear inspection pursuant to the nuclear safeguards accord, he went on: As we have in the past, we will sincerely accept the IAEA's inspection in the future. If anyone doubts that we have some nuclear facilities that we have not made public, we will show the truthfulness of our peaceful policy through the IAEA at any time.

He said: Our government has consistently insisted that for nuclear inspection to be fair, we must also inspect U.S. nuclear weapons and nuclear bases in South Korea in exchange for the IAEA inspection of our country.

Since the U.S. Administration publicly promised the withdrawal of tactical nuclear weapons last year and even the South Korean authorities declared the absence of nuclear weapons, we signed the nuclear safeguards accord on the premise that U.S. nuclear weapons and nuclear bases in South Korea be placed under inspection and accepted an inspection by the IAEA first to show our good faith.

However, the inspection of U.S. nuclear weapons and nuclear bases has not been realized. As a result, our people's misgivings remain undissipated.

Because our country hosted the IAEA's inspection as publicly promised, the United States should agree to inspection of its nuclear weapons and nuclear bases in South Korea, as a matter of course, according to the principle of fairness.

The key to implementing the joint declaration on denuclearizing the Korean peninsula is to remove the source of our people's misgivings about U.S. nuclear weapons and nuclear bases in South Korea. Because the nuclear threat in our country comes from U.S. nuclear weapons in South Korea, there must be a full-scale inspection of U.S. nuclear weapons and nuclear bases through North-South inspection designed to verify the denuclearization.

The chief obstacle to the denuclearization of the Korean peninsula is the South Korean authorities' insistence on inspection of an equal number of sites, inspection of military bases, and special inspections [tukpyol sachal] based on what is known as the principle of reciprocity, which not only violates the North-South agreement, but also does not sit well with realities on the Korean peninsula, rather than agreeing to a full inspection of U.S. nuclear weapons and nuclear bases.

The so-called inspection of military bases that the South Korean authorities have babbled about is a matter that by nature must be discussed at the North-South Joint Military Committee when it discusses issues related to disarmament. It is in no sense a subject to be discussed within the framework of the joint declaration on denuclearizing the Korean peninsula.

The South Korean authorities should come up with an annexed agreement on implementing the joint declaration on denuclearization as agreed upon between the North and South and agree to the adoption of a North-South nuclear inspection regime so that a full-scale inspection of U.S. nuclear weapons and nuclear bases can be conducted.

We will, as in the past, do our best to adopt documents necessary to verify the denuclearization of the Korean peninsula and realize North-South inspection at an early date.

He then answered reporters' questions.

Kaesong Women Demand Repatriation of Yi In-mo

SK2906142592 Pyongyang KCNA in English 0459 GMT 29 Jun 92

[Text] Pyongyang June 29 (KCNA)—A Kaesong women's meeting was held Sunday to demand the repatriation of old man Yi In-mo, a former war correspondent of the Korean People's Army. Saying that old man Yi In-mo is spending lonely and painful days still today owing to the inhumane acts of the South Korean authorities, the speakers at the meeting stressed: The entire women in Kaesong, a city adjacent to the Military Demarcation Line, demand his early return to the northern half of Korea where his dear family lives.

They noted that Yi underwent unimaginable hardships in prison for 34 years and is now suffering pains every minute in his sick bed, crippled, in his advanced age of 75.

It is sham humanitarianism, if they deny the repatriation of old man Yi In-mo, however vociferous they may be about the alleviation of the misfortunes and sufferings of the separated families and relatives, they said.

They demanded that the South Korean authorities promptly take a step for the solution of his repatriation problem and send him back to the North as early as possible.

The speakers warned that if the South Korean authorities persistently bar the repatriation of old man Yi In-mo and resort to anti-national criminal acts and violations of human rights, defying the strong demand and denunciation by mothers and all other women, the justice-loving journalists and pressmen, and the world people, they will be held entirely responsible for all the consequences arising therefrom.

'Chuche-Oriented' View of Nation Lauded

SK2906142292 Pyongyang KCNA in English 1024 GMT 29 Jun 92

["NODONG SINMUN Calls for Brilliantly Shaping Nation's Destiny"—KCNA headline]

[Text] Pyongyang June 29 (KCNA)—Our party's idea and theory on the national question serve as a great revolutionary banner in brilliantly shaping the nation's destiny, says NODONG SINMUN in a by-lined article today.

The question of the nation's independence and its destiny is a most important matter related to the destiny of the popular masses, the article says, and goes on:

What constitutes the starting-point in our party's idea and theory on the nation and its destiny is the chuche-oriented view on the nation.

The chuche-oriented view on the nation means that regarding independence as the lifeblood of the nation, the whole nation should defend and realize its independence and attain its common prosperity in unity.

The idea and theory of our party clearly show correlationship between the nation and individuals, between the destiny of the nation and the destinies of individuals and the way for all the classes and strata including the working masses to turn out as one for the common cause of the nation.

The destinies of individuals depend on the destiny of the nation and, therefore, the aim of life and struggle for every individual should always consist in the interests and aspirations of the nation as a whole.

People are members of a nation before being members of a class. There can be no class apart from a nation, and individual happiness is inconceivable without the independent development and prosperity of a nation.

The chuche-based idea and theory on the nation and class, clarified by our party, have nothing to do with the bourgeois nationalism.

Bourgeois nationalism cannot represent the will and aspirations of the whole nation, nor can it be a genuine idea of national independence that defends the interests of the nation.

Every nation can attain its free development and prosperity only when it respects the excellent national identity and independent rights of other nations and maintains relations of mutual trust and equality with them.

The principle of defending independence serves as an unswerving guideline promoting harmony and friendship among nations, as a publicly recognized principle governing the development of international relations, as a powerful weapon against the imperialists who are trying to force subjugation and inequality.

South Korea

No Tae-u Addresses Opening of National Assembly

SK2906105392 Seoul KBS-1 Television Network in Korean 0525 GMT 29 Jun 92

[Speech by ROK President No Tae-u at the opening session of the 14th National Assembly in Seoul on 29 June—live]

[Text] [Applause] Esteemed Mr. Speaker and assemblymen: I am pleased with the opening of the 14th National Assembly. Together with all fellow countrymen, I congratulate you on the assembly's opening.

You, the assemblymen, were elected as the people's representatives through fierce contests during last March's general elections. I sincerely congratulate you, the assemblymen, for joining this honorable place.

At the same time, I extend my thanks to the assembly leaders both from the ruling and opposition parties. [applause]

You, members of the 14th National Assembly, were elected through the most democratic, clean and fair elections in the 44-year history of our constitution.

Among you, there are many respectable figures with more experience and better ability than any other members of previous National Assemblies. Accordingly, our people's expectations for the incumbent National Assembly which opened today are indeed great.

I believe that you, assemblymen, will lead the incumbent 14th National Assembly to be an exemplary assembly which will open a new chapter in the history of our nation's parliamentary politics.

National Assemblymen, the opening of the 14th National Assembly is indeed significant as we mark today the fifth anniversary of the 29 June declaration .

Since the people's ardent desire for democratization erupted, I came to stand in the center of the crisis where I could not foresee the nation's future road, not even one inch. Thus, I am deeply moved by recalling that day.

I keenly realized at that time that the masters of this country are the people, and history cannot advance even one step if it runs counter to the people's intention.

The 29 June declaration, which I announced in harmony with the people's wishes, changed the nation's predicament which was about to fall over a deep precipice into an opportunity to open new era of democracy and reconciliation.

Indeed, many things have changed during the five years since that time.

I now see one of those changes inside this Assembly Hall. Five years ago, many figures, including Kim Yong-sam, chairman of the Democratic Liberal Party [DLP] who is leading the ruling party in this assembly, and Kim Tae-chung, chairman of the Democratic Party [DP] who is leading the opposition party, were deprived of the opportunity to participate in political activities and their freedom was restricted by force.

Here, there are figures who were oppressed, imprisoned, and whose arrest was sought, as well as so-called student activists who led street conflicts. Now, all these people, including myself, gather in this Assembly Hall to discuss and show concern for our nation's future. This eloquently shows how the 29 June declaration has changed the situation.

Today, for us, outdated disputes over democratic and antidemocratic systems and over the legitimacy of the government no longer exist.

The whole body of authoritarianism has been liquidated, and the vigor of freedom and autonomy is overflowing in all domains of politics, society, economy and culture. Freedom of the press and expression, with which one may speak without fear, has blossomed and unjust repression by force and human rights violation have disappeared.

A local government system was introduced and a broad distribution of power has been achieved. The work of dissolving past discords, of curing wounds, of recovering honor and of compensating damages have been broadly carried out.

We have vigorously promoted efforts to fill the deep gorge dug between regions and social stratum by developing the backward regions and helping the people who have been neglected by the community to return to the community.

The 29 June declaration is revolutionary because it brought about enormous changes not only in politics but also in other areas such as the economy, society, culture, South-North issues, diplomatic affairs, and national consciousness. The 29 June declaration is honorable because it was achieved peacefully and all promises have been kept. Here lies the reason many people are comparing changes that took place in our society due to the 29 June declaration to the Glorious Revolution.

Choosing the 29 June democratization was clearly not a choice by one person but a choice made by all people. In the first chapter of our constitution, it stipulates that the people are the masters of the country. It was possible to absolutely realize this in the 40 years of constitutional government after changing the republic six times.

The eight-point paragraphs to achieve democratic reform which are included in the 29 June declaration were all fulfilled. However, this does not mean the 29 June democratization is over. Our people's wishes, democratic spirit, united spirit, freedom and openness, and the spirit of respecting man which are included in the 29 June declaration will be continuously developed and brought to maturation by us. This is a proud history drafted by our people and a precious spiritual legacy which will be handed down to our descendants. [applause]

National Assemblymen:

An enormous change took place outside our country which transformed the appearance of the world map and man's thought during the last three to four years as we were opening the era of democratization. The structure of confrontation which brought about division; the cold war system which forced the tragedy of a fratricidal war; and communism all became legacies of the past.

Germany achieved reunification and the Soviet Union which was a suzerain state of communism was dissolved. The United States and Russia became new allies. Even before this momentous wave of change took place, through independent efforts we unfolded much work to open an era of peace and reunification on the Korean peninsula. The northern policy opened the doors leading us to the other side of the cold war, thus expanding the basis for reunification and prosperity.

In the 7 July declaration, we elucidated that we will liquidate confrontational relations with North Korea and pursue common prosperity for the nation. After four years of persistent efforts, it was possible for us to achieve the South-North basic agreement and the joint declaration on denuclearization.

The South and North finally started the new era of coexistence and coprosperity. In this process, South and North Korea simultaneously joined the United Nations which was a historical event and this became a very important milestone because before reunification is achieved, the South and North must recognize each other and North Korea must become a responsible member of the international community.

Now, the South and North are putting the substance of the agreement and declaration on denuclearization into practice one by one. Nevertheless if there is no trust between the South and North, the work to achieve common prosperity and reunification cannot be achieved.

The issue of North Korea's nuclear development, which became an issue throughout the world, is an obstacle to progress in North-South relations. North Korea's nuclear development is threatening not only the existence and security of our people but also peace in the world. North Korea must accept nuclear inspection by the international organization and the mutual inspection to which the North and the South agreed in the denuclearization declaration. Resolving the nuclear issue on the Korean peninsula is a most honorable work for our people in defending the nation's pride.

The distrust between the North and South which has continued for half a century cannot be eliminated overnight. We will patiently do our best so that North Korea can come to the road of cooperation for common national development. [applause]

Assemblymen: Our economy is now facing difficulties in structure readjustment because of all sorts of internal and external challenges that are caused by the international trend of democratization and opening up. Even under such a difficult situation, for the past four years our economy has maintained a high growth rate of more than nine percent each year. As a result, both our gross national production and per capita national income have more than doubled respectively. Our growth has not been achieved under the foundation on which democracy is trampled underfoot as in the past, but under the process of democratization. Herein lies the great significance of our economic growth. Also significant is that much more of the growth has been shared with our workers.

However, violent labor-management disputes continued for some time in the process of democratization. As a result, workers' wages sharply increased, and numerous workers left their manufacturing enterprises, avoiding arduous and difficult jobs. Because of this, our economy is faced with the shortage of production manpower and has lost its competitive power. Our enterprises neglected technological development and investment in equipment and facilities when their business was brisk. This is also a major cause for the weakening of the competitive power of our present economy.

With the goal of promoting our economy's competitive power, the government is pushing ahead with the strong policy of strengthening the competitive power of manufacturing firms, including technological development and manufacturing manpower supply. Along with this, our government is also pushing ahead with a policy for economic stability in a bid to alleviate the excessive economic boom which has resulted from high income, excessive consumption, and high growth. Such an economic policy may provide enterprises with an unbearably difficult situation. It may take time for the people to realize the effectiveness of this policy. However, if all of our main economic forces pool their strength and patiently endure hardship, our economy will have the foundation for a new leap.

The affect that democratization and opening up have on our economy may be inefficient for a short period of time, but it will firmly deepen the competitive power of our economy in the long run. Without democratization, which can fully demonstrate the pluralistic nature of society and the creative wisdom of individuals, we cannot make our economy an advanced economy.

In economic management, adhering to market principles if possible and taking the step of sharply alleviating government intervention and restriction is precisely what we should do without fail in order to make our economy an advanced economy. All of us should unite as one so that we can successfully surmount all sorts of difficulties in restructuring our economy in order to develop into an advanced economy.

During the remainder of my term of office, I will continue to strongly push ahead with the task of deepening the foundation for a new economic leap, taking it as the first task in my management of state affairs. [applause]

Assemblymen: The National Assembly is the sanctuary of the people's will in which all the nation's present and future problems should be presented and discussed. For those areas which are in the people's and nation's interest, no distinction can exist between the ruling party and the opposition party and between political factions. There is nothing that can be achieved by the numerical superiority of a ruling party and by the opposition and struggle of a minority party.

It is indeed regretful that the opening of the current National Assembly has been delayed due to the differing opinions of political parties over elections of local administration chiefs.

Judging that it is better to postpone the elections of local administration chiefs scheduled for this year, in my New Year's news conference I clarified that it would be better to decide the timing of the elections at the new 14th National Assembly.

I made the announcement based on the opinions of the majority of the people that if we held four rounds of elections in one year, we could hardly expect economic development or social stability. I made the decision for the nation's future after agonizing deliberation incorporating the opinions of people from all walks of life and professional advice.

The government then worked out a bill for the revision of the law on local autonomy based on the opinions synthesized through extensive opinion surveys and public hearings and submitted it to the National Assembly on 5 June. However, because the opening of the National Assembly was delayed, the revision of the local autonomy law could not be discussed at the National Assembly, thereby passing the election deadline.

Irrespective of past circumstances, I, as the person of ultimate responsibility for state affairs, express much regret over the failure to hold the election of the heads of local autonomic organizations on the date promised. I now take the liberty of asking the National Assembly to discuss soon the bill for the revision of the local autonomy law and decide again on an election date. [applause]

Dear lawmakers, the upcoming 14th presidential election will become a very important occasion for the future of the country and democracy. Above all, it is important that we hold a fair and just election quietly and calmly. For this, I think that we need to revise the present presidential election law from the forward- looking position. It is hoped that the National Assembly will revise the presidential election law to renovate our election climate and to boost our political standard transcending partisan strategy. For a fair election, we may need to shorten the period of the actual election campaign. I hope that the political parties will reach an agreement so that the presidential election, which is as long as six months away, may not excessively heat up too early.

The government will make every effort so that the presidential election may be held in a fair and just manner. [applause]

We witnessed the potential for a clean and fair election in the last general election and in last year's local council election. The developmental standard of our society, free journalism, the activities of citizens' organizations, and, above all, our people's high independent self-consciousness, give us the confidence that the upcoming presidential election will be the most fair election ever. [applause]

Dear lawmakers, the four years you will serve in the 14th National Assembly will mark a very important period that will determine the 21st century for our people. This year we have begun an ambitious Seventh Five-Year Economic and Social Development Plan. When this plan is accomplished in 1996, our country will come to have a powerful economy which includes a per capita gross national income of $10,000, a GNP of $490 billion, and an annual trade volume of over $270 billion. At the same time, a decisive turning point will certainly come about when we end the half-century national division and realize reunification. With mature democracy achieved, we will enjoy a true citizens' democratic society in which all segments of society overflow with the energy of self-discipline.

This proud country is taking an advanced position in the world. The 14th National Assembly has been launched with enormous responsibility to realize a reunified prosperous Korea. The political environment is changing significantly. We are living in an era of information in which the entire world lives within the same fence, in the latter part of industrial society in which the people's demands are diverse. This calls for a higher standard of service. As we live in this era, our politics, politicians, and National Assembly should change.

Politicians, having an insight into the world situation and social and economic changes, must lead the people. I hope that at a time when all the countries are engaging in boundless competition to secure their own future prosperity, the National Assembly will greatly contribute to improving the country's competitiveness.

A true picture of our politics that our people hope for is for the National Assembly to sincerely engage in policy-based confrontation and carry out legislative activities for the country and the people. They also hope that parliamentarians will represent their high moral standards.

Politics of hope which provide us with confidence in the country's bright future and politics of creativity which successfully solves problems are, truly, politics that our era needs.

I was very pleased to hear that in response to such aspirations of the people, some signs have already appeared at the 14th National Assembly just like fresh water. When the National Assembly moves in that direction, it will become a hall of democracy that wins our people's respect and a genuine center of national harmony. [applause]

Assemblymen: With the 21st century approaching, upheavals are taking place in the world even at this time. An era when the world remained divided into two large ideological blocs and systems is gone, and the world is being reorganized again based on economic principle.

Regional hegemonism is being resurrected again. Local disputes caused by racial or religious differences are constantly taking place. Some prosperous countries are moving toward removing barriers to become one, on one hand, and some underdeveloped countries are building new barriers, which aggravate conflict.

Developing countries stress the most constant economic prosperity and are making every effort toward that end.

With the 21st century just around the corner, our historic mission is to wisely handle these challenges and, thus, honorably create a new national history.

In the 1980's, Koreans created three miracles and, thus, surprised the world: They are economic achievement, democracy, and the holding of the best Olympic games in its history.

In the 1990's, we will create two more miracles that would surprise the world once again: One is to achieve a unified Korea in which 70 million people of the same race can live together in one country, and the other is to become a developed country with a per capita GNP of $20,000. [applause]

Dear Assemblymen: They say that people who are sticking to the past will embark on the road toward retrogression and ruin, but people who respect the future will achieve prosperity and progress. There is nothing that we cannot do when we pool all our will, might, and wisdom with a clear-cut goal in mind.

I hope that the 14th National Assembly will be a birthplace of our Korean people's miracles in the 1990's, which will surprise the world once again.

Dear Assemblymen: Let us all join hands and advance, in the spirit of a dragon flying heavenward, toward the era of a reunified fatherland in which all our people will enjoy freedom and prosperity. Thank you. [applause]

Assembly Agrees To Continue Session Until 28 Jul

*SK3006063992 Seoul YONHAP in English
0623 GMT 30 Jun 92*

[Text] Seoul, June 30 (YONHAP)—Floor leaders of the ruling Democratic Liberal Party [DLP] and the main opposition Democratic Party [DP] agreed Tuesday to hold the first session of the 14th National Assembly for 30 days until July 28.

The duration of the parliamentary session, however, was the only agreement the ruling and opposition parties managed to reach at a meeting mediated by Speaker of the Assembly Pak Chun-kyu.

Both parties failed to narrow their difference over the issues of elections of provincial governors and mayors, the formation of 17 standing committees and other congressional schedules.

DLP floor leader Kim Yong-tae proposed that the assembly take up such pressing items as government interpellation, speeches by party leaders, ratification of inter-Korean accords and appointments of auditors.

But DP floor leader Yi Chol said that opposition lawmakers would not cooperate with the ruling party unless the government and the DLP agreed to hold the local elections this year.

Reminding the ruling party that Tuesday was the last day required by law to hold the local elections, Yi said the DP would not take part in the formation of standing committees nor would it help elect their chairmen.

Under the election law, the nation had to hold the local elections by the end of June after posting a public notice on June 12. President No Tae-u, speaking at the opening ceremony of the National Assembly, expressed regret that the government had had to postpone the elections.

The DLP reiterated its position on the question of local elections at Tuesday's meeting, saying there was no reason to link the election issue with the formation of standing committees.

DLP Leadership Rallying Around Kim Yong-sam

*SK3006070092 Seoul YONHAP in English
0607 GMT 30 Jun 92*

[Text] Seoul, June 30 (YONHAP)—The ruling Democratic Liberal Party's [DLP] troika, which had barely squeaked along at the best of times, appears to be rolling smoothly since Kim Yong-sam was nominated for president.

Co-chairmen Kim Chong-pil and Pak Tae-chun, who have shown varying degrees of unveiled contempt, if not outright animosity, toward Kim Yong-sam from time to time, are said to be building a new cooperative relationship with the executive chairman less than 50 days after the national convention elected Kim as the party's candidate for president.

In fact, Kim Chong-pil and Pak Tae-chun are so supportive of Kim Yong-sam these days that some political pundits quip that the two personify the old adage that yesterday's enemies can be today's friends in politics.

Kim and Pak are often heard these days exhorting their followers to bury the hatchet and rally around Kim Yong-sam in order to win the presidential election in December.

And many, if not most, are jumping on Kim Yong-sam's bandwagon as Kim, despite all the shortcomings and the uncertainties, appears to be the likeliest man to become the first president of the country in nearly three decades without a military background.

Koreans, more than any other people in the world, love a winner.

It seems to be only yesterday that Pak Tae-chun led an anti-Kim Yong-sam faction, pushing Rep. Yi Chong-chan to challenge the executive chairman for the presidential nomination. But he quickly abandoned Yi after the four-term representative from Seoul dropped out of the race at the last moment.

During the nomation campaign, Pak went as far as to publicly state that if Kim Yong-sam won the presidency "the country will be ruined."

Kim Chong-pil stayed with Kim Yong-sam, but he too was unable to hide his contempt for the executive chairman, calling him "an immature person" at one stage.

Suddenly, however, Kim Chong-pil has begun to show respect for Kim Yong-sam, hesitating even to walk abreast of him. He has dropped back a step or two behind the presidential candidate, some of his close friends say.

Kim Chong-pil has taken to describing Kim Yong-sam as the man who would be president and reproaching his followers if they call him "YS" as they used to, the friends add.

Kim Yong-sam, on his part, is reported to be impressed, and grateful to Kim Chong-pil for being loyal and supportive. He even offered to pay Kim Chong-pil's travel expenses for a recent visit to the United States, according to party sources.

In fact, their relationship has become so close that there are rumors in some quarters of the ruling party that the pair have struck some kind of "secret deal" in which Kim Chong-pil will head the party if, or when, Kim Yong-sam becomes president.

Pak Tae-chun was, of course, slower to hop on the Kim Yong-sam bandwagon, but did a good job of ingratiating himself with the toast "for the realization of president Kim Yong-sam's administration" at a recent gathering.

His toast was interpreted by many as a pledge of allegiance to Kim Yong-sam, party insiders say.

Moreover, when Pak Tae-chun returned from a trip abroad on Sunday, he hurried over to pay a courtesy call on Kim Yong-sam the next morning and refused to let Yi Chong-chan visit him first.

Whatever the reasons for each man to stay together and work with a newly found spirit of solidarity and harmony, many observers believe the unity and balance of power will vanish not long after the December election.

Payment Guarantees Frozen To Curb Monopolies

SK3006071692 Seoul YONHAP in English
0617 GMT 30 Jun 92

[Text] Seoul, June 30 (YONHAP)—The government, in a desperate move to curb the monopoly of big business groups on bank loans, froze the payment guarantees of 464 companies belonging to 30 largest conglomerates Tuesday.

The Finance Ministry, announcing the freeze, said that 540 companies were banned immediately from making payment guarantees for their affiliates.

The government prohibited mutual payment guarantees for 76 companies of the conglomerates in August last year.

The measure aims at promoting the independent management of individual firms and preventing a domino-like collapse of affiliated companies, officials said.

The ministry said it would revise the fair trade law so as to punish violators, but did not elaborate when or how the revision would be carried out.

Subsidiaries of the 30 conglomerates had made mutual payment guarantees totalling 113.4 trillion won as of the end of March, 361.1 percent of their capital and 199.8 percent of their credit.

For the five major conglomerates—Samsung, Hyundai, Lucky-Goldstar, Daewoo and Hanjin—the mutual payment guarantees total 73 trillion won.

The 464 firms cannot offer payment guarantees for any kind of bank loan for affiliated firms except for those obtained by the companies from the overseas branches of Korean banks and special loans approved by the chief of the Office of Bank Supervision.

The firms can utilize the existing guarantees and may change the banks and financial institutions by getting the approval of their original creditor banks.

The ministry said ceilings on payment guarantees would be finalized after a survey of the guarantees at each bank as of June 30.

Financial institutions that are found to have violated the payment guarantee ceiling will be warned or asked to punish the staff responsible. Violating firms may face credit suspension, the ministry said.

Defense Minister Favors Participation in UN Forces

SK2906152192 Seoul YONHAP in English
1126 GMT 29 Jun 92

[Text] Seoul, June 29 (YONHAP)—Defense Minister Choe Se-chang expressed the view Monday that it would be desirable for the country to take part in the United Nations' Peace-keeping Operations (PKO).

While meeting with a group of reporters, Choe said that if Korea participates in PKO activities, it would be an opportunity for the nation to better fulfill its responsibility as a U.N.-member nation and also uplift its international standing.

"We don't see why we should oppose it since if we take part in it, the world organization shoulders all expenses and there is virtually no fear of human sacrifice," Choe said.

He said U.N. Secretary General Butrus Butrus-Ghali had sent to the government a questionnaire asking about the area and extent of Korea's possible participation.

"The problem is how would host countries like Cambodia react to Korea's participation," Choe said.

Nuclear Inspection Talks End Without Progress

SK3006061892 Seoul YONHAP in English 0536 GMT 30 Jun 92

[Text] Seoul, June 30 (OANA-YONHAP)—Seoul and Pyongyang locked horns in their nuclear negotiations Tuesday, with South Korea insisting that suspicion of North Korea's nuclear development was stronger after the International Atomic Energy Agency (IAEA) inspection and North Korea saying that all suspicion had been removed.

They agreed to convene the Joint Nuclear Control Commission [JNCC] again July 21. Tuesday's was the sixth meeting of the JNCC, but the first in more than a month.

Seoul reiterated its position that inter-Korean relations could not progress without resolution of the nuclear problem.

Pyongyang threatened to call off reunions of separated families scheduled for August if Seoul insisted on linking all inter-Korean issues with the nuclear controversy.

Seoul said the two sides should try to settle on a nuclear inspection regime by the end of August in order to make substantial progress at the next round of inter-Korean prime ministers' talks, due in September.

U.S. Expected To Push for More Liberal Market

SK3006030592 Seoul THE KOREA HERALD in English 30 Jun 92 p 8

[By staff reporter Yi Kap-su]

[Text] The Korean government, faithfully keeping its earlier promise with the United States, has offered the second phase of the financial market deregulation plan, most of which is to be carried out in 1994-1996.

In March this year, Seoul promised Washington to open its financial market in short-, medium-, and long-term stages, depending on the nation's economic conditions such as its international balance of payments, consumer prices, and market interest rates.

The first phase of the market opening, including the expansion of CDs (certificates of deposits) floated by foreign banks here, equal treatment to foreign financiers in making investment in Seoul stocks, and the extension of the maximum maturity period of call money, has been implemented without any delay as presented by the Seoul government to the United States at the end of March.

Even though Korea still suffers from strong inflationary pressure, high interest rates and trade deficits with foreign countries, including the United States, the government came out with the second-term market opening program this time, and will present the third-and final-phase of the plan by the end of the year.

Announcing the second-stage market opening project, a senior Ministry of Finance official said, "We did our best to accept almost all of the U.S. requests in a way not to hamper the healthy development of the Korean economy and the normal operation of domestic enterprises."

"The prerequisites to carrying out the second-phase plan, however, will be keeping the balanced current accounts, lowering the market interest rates between domestic and foreign markets to 3.5 percent in real terms, and stabilizing the inflation rate for consumer prices at around 7 percent per annum," said the official.

One striking point in the second-phase market opening steps is the government's decision to ease the current foreign exchange position management system.

From September this year, foreign banks will be given enough room to actively engage in foreign exchange markets, enabling them to dominate the domestic exchange market if they want to do so.

The overbought amount of foreign exchange held by foreign banks here came to $2,936 million as of April 30 this year, accounting for 14.8 percent of the total.

Under the softened exchange position system, however, the role of foreign financiers here would be greater than before, hampering the central bank's control of foreign exchange and threatening the exchange dealing business of domestic financial institutions, ministry officials say.

To activate the domestic foreign exchange market, the government has also decided to open the Deutsche mark call market in Korea in the second half.

The daily average trading volume of the mark in the domestic over-the-counter market, now standing at some 2.5 million marks, will be expanded to 3.4 million marks after the setup of the new call money market, they say.

As an initial step to internationalize the Korean currency, the government will allow business concerns to settle import or export accounts worth less than $100,000 with the won beginning July 1, next year.

Granting the won as a function of an international currency would greatly help domestic enterprises prevent possible exchange risks and reduce financial expenses stemming from conversion of the won into other key foreign currencies, resulting in the saving of foreign currencies, market experts here say.

But it may also bring about such negative effects as the rapid inflow and outflow of the won currency for speculative purposes and the move of speculative capital to capitalize on the interest gap between domestic and foreign money market and the fluctuation of the won-dollar exchange rate, they say.

Despite Korea's positive action, however, the United States is unlikely to loosen its tight rein on the Seoul government for wider and speedier market deregulation in the future, analysts say.

Washington's strong push for further liberalization of Korea's financial market seems to stem from the fact that Korea's domestic capital market, along with Japan and Taiwan, is one of the most attractive markets in Asia, they say.

The U.S. financial policy shifting from the past requests for adjusting specific financial matters to demands for sweeping structural adjustment and the liberalization of all financial sectors is also driving the Korean government into a corner.

Under these circumstances, there is no option for the Seoul government but to prepare for wider opening by improving the overall economic conditions such as the international balance of payments, inflation, and market interest rates, they say.

Joint Venture Bank Established With Vietnam

SK2906040792 Seoul YONHAP in English 0252 GMT 29 Jun 92

[Text] Seoul, June 29 (YONHAP)—South Korea and Vietnam will establish a joint-venture bank, capitalized at 10 million U.S. dollars, in Vietnam in July and begin operations late this year at the earliest, the Korea First Bank said Monday.

Korea First and Daewoo Securities Co. are the two Korean investors, holding 40 percent and 10 percent of the equity, respectively, and the bank for foreign trade of Vietnam will take the remaining 50 percent, a bank official said.

The joint venture, the first advancement into Vietnam by a Korean financial institution, is provisionally named First-Vina Bank.

First-Vina Bank will provide Korean companies in Vietnam with financial support and branch offices can be established if the operation goes well, the official said.

There are seven representative offices of foreign banks in Vietnam, six of which were allowed to be upgraded to branches early this year by the Vietnamese Government.

First-Vina will be the third locally incorporated joint-venture bank in Vietnam following one with Indonesia that has started business and another with Malaysia that is to open soon, the official said.

Bulgaria To Sign Trade, Investment Pacts

SK3006051692 Seoul YONHAP in English 0258 GMT 30 Jun 92

[Text] Seoul, June 30 (OANA-YONHAP)—South Korea and Bulgaria agreed Tuesday on early conclusion of trade, investment guarantee and avoidance of double taxation agreements.

South Korean Vice Foreign Minister No Chang-hui and his visiting Bulgarian counterpart, Valentin Dobrev, agreed to sign the agreements in the nearest future to boost bilateral economic ties, ministry officials said.

No and Dobrev discussed North Korea's nuclear problem, and the Bulgarian official expressed full support for Seoul's position that Pyongyang must accept both International Atomic Energy Agency (IAEA) and inter-Korean mutual nuclear inspections, the officials said.

The Bulgarian official said his country appreciated the help that Seoul's Economic Development Cooperation Fund (EDCF) extended to Sophia this year, including a joint color television manufacturing project.

No promised to support Bulgarian Foreign Minister Stoyan Ganev's bid for election as chairman of the 47th U.N. General Assembly in September.

*Inter-Korean Trade Problems Examined

922C0165A Seoul CHUGAN CHOSON in Korean 17 May 92 pp 34-37

[Article by reporter Kim Ki-chon]

[Text] In the latter half of last year, a certain general trade company concluded a contract through its Hong Kong office with a Chinese intermediary firm and exported 30,000 barrels of diesel oil to North Korea. As so-called indirect trade, the contacts with the North Korean side were of course made by the Chinese side. Both parties had decided to use a third-country ship for the trade and the trading parts decided on were Mokpo port in South Korea and Nampo port in North Korea.

Up until the time such a contract was concluded there were many vicissitudes. There were a lot of arguments about the transaction price because of fluctuations of oil prices during the time the discussions were taking place and it was not certain whether they would be correctly paid their money. Our side wanted a letter of credit issued for the bill and also security guarantees, but it was impossible to receive this from North Korea. Also, it was not easy to find a ship to transport the goods—most of the shipping companies disliked making trips to North Korea because the stevedoring time was excessively long and the ports in North Korea were in such poor condition.

The serious problems actually arose after the conclusion of the contract, however. The vessel carrying the diesel oil headed toward the port of Nampo and radioed the date of arrival in Nampo to the port management authority there, and requested assurances that it could berth inside the port, but there was no reply. Moreover, as soon as the ship entered North Korean territorial waters, a North Korean naval vessel appeared, claimed the ship was illegally encroaching on North Korean territorial waters, and even threatened to seize the ship.

The boat somehow managed to arrive at Nampo, but here, too, additional problems awaited them. Nampo Port said it had not received any instructions from the higher-ups and refused to unload the diesel oil. Finally after waiting nearly 10 days, instructions from higher authorities finally came down and it was possible to unload. It took that long for the decision of higher authorities to be conveyed to Nampo, which is practically next-door to Pyongyang. The word is, that in North Korea, for an instruction from the center to be delivered to the administrative organ at the tail-end usually takes from 10 days to two weeks, and that turned out to be the case.

For this reason, the South Korean company that had exported the diesel had to pay quite a bit of demurrage to the shipping company. Responsibility for the ship waiting 10 days clearly lay with the North Koreans, and it should have been North Korea that paid the demurrage. But, the North Koreans refused, and the demurrage problem is unsolved to this day. At that time, the payment settlement was to have been in North Korean-manufactured zinc ingots, Alaska pollack, and cash, but the South Korean company should have been satisfied it just barely managed to avoid taking a loss by the skin of its teeth because of the expense of the demurrage.

Such difficulties in conducting trade with North Korea are not solely applicable to this company. It is just one of the problems experienced by domestic businesses while trying to promote trade with North Korea. Persons associated with the North Korea teams of domestic general trading companies say that even considering the fact that the systems of North and South Korea are different, because of North Korea's unfamiliarity with international trade practices, the difficulties are exceptionally great. In an effort to block the spread of outside influences in the wake of North-South trade, North Korea refuses to engage in direct trade with the South, so the two sides are unable to accurately convey their views to the other side, which also is an obstacle. This year in particular, because of the nuclear inspection issue, tensions between North and South have risen and new barriers to commodity trade are also being erected.

Obstacles encountered by domestic businesses in trading with North Korea are many. When the North Koreans send orders for the commodities they want, they are comparatively accurate as far as names of desired articles and quantities are concerned, but as far as the delivery and payment dates are concerned, they use vague expressions such as "promptly." This seems to be a carry-over into the trade field of an environment in which things do not get done unless senior officials give an order to "Accomplish the task promptly." With the accumulation of trade experience with capitalist countries, this kind of clumsy contracting method is said to have improved considerably recently.

Then too, the quality of the goods brought in from North Korea has differed from the content of the original contract and often gives rise to disputes. Because of the characteristics of the North Korean economic system, which does not particularly worry about the quality of goods and is concerned only with reaching production goals, it is not easy for domestic businesses to get products that meet their demands and criteria. In this case, domestic businesses file claims with the intermediary company, but it is almost impossible to receive compensation for losses.

Above all the most perplexing thing experienced by domestic businesses in promoting North-South trade is the fact that even though they conclude import-export contracts through intermediary companies in Hong Kong or Japan and other places, it is extremely uncertain whether they will be carried out, however. This is because it frequently happens that at the execution stage of the contract the North Korean side finds all kinds of fault and unilaterally breaks the contract or delays the transaction.

We can directly discern this from the fact that there is a considerable gap between the domestic businesses' agreed amount of goods for import and export to the North and the amount actually transacted. In the case of North Korean goods brought in, until the end of last year, the total agreed-upon amount was $209,620,000 compared to the amount actually imported of $136,650,000, or only 65 percent of the agreed-upon amount. Conversely, in the case of exports to North Korea, until the end of last year, the total agreed-upon amount was $30,970,000, but the amount actually exported was $6,800,000, or only 22 percent. Also the ratio between agreed-upon amount and actual amount of exports and imports was 83.9 percent in 1989 but 53.7 percent in 1990, and 57.9 percent in 1991.

Recently the North Koreans suddenly demanded a change in importers with respect to domestic general trading companies which have sent ships to carry in zinc ingots and cement and have refused loading. This is a typical example of North Korea's habitual nonperformance of contract. The Lucky-Gold Star Company recently sent two ships to the port of Nampo to pick up 10,000 tons of North Korean cement. One of the ships loaded 5,000 tons of cement as scheduled and was able to return, but while the other vessel was being loaded, the North Koreans suddenly demanded that "the last import vessel be changed to Daewoo," the work was stopped, and the ship was tied up in Nampo.

Also, in the case of Samsung Trading Company, in order to import some 2,000 tons of zinc ingots last February, the company committed a ship, but the North Koreans demanded the ship be changed, so loading was discontinued and the ship just went back. In addition, Ssangyong in mid-April wanted to import 10,000 tons of cement, but the North Korean side told the Hong Kong intermediary that "the fact that the cement is going to South Korea is awkward," and they stalled loading and abandoned the transaction. Hyosung Products, which had a letter of agreement for import of 600 tons of zinc ingots, failed to import for similar reasons.

What is of particular interest here is that from the beginning of this year there has been a dramatic increase in instances where the North Koreans have demanded changes in the import transactions. This is the kind of highhanded wrecking of international trade practices that one would expect only from North Korea. As to the reason North Korea is indulging in such an attitude that defies common sense, you get assessments even within domestic businesses circles that are somewhat conflicting.

In Japan, North Korea's demands for import changes are nothing new. The Japanese had frequently experienced similar things all the time in the past. Among officials responsible for trade with North Korea in domestic general trading companies, the expression, "North Korean business is after all line business" is regarded as established theory. That is to say, the actual concluding of a contract itself is not the important thing, but the key is who has connections with the North Korean power center.

To understand this one must bear in mind that North Korea's commodity supply capacity is extremely limited, and despite the fact that it is an extremely centralized system, foreign trade has become fairly decentralized. North Korea's trading companies have been established with linkages to various party and government organs, which currently number about 100. These are understood to be strictly controlled by the government, but are operated on the basis of the independent economic accounting system. Also, in North Korea, authority to export goods is considered a concession, and competition is fierce. Only by earning foreign exchange through foreign trade is it possible to operate one's business.

The fact that North Korean trading companies tend to sign contracts at any cost without even giving a thought to their ability to supply the goods stems from this kind of situation. For that reason, frequently export contracts are concluded that considerably exceed North Korea's ability to supply the goods. In this case, the contract of the trading company that has connections with the power center has the priority, and other contracts are either canceled or postponed. The considerable gap between letters of credit for North Korean goods and actual imports is understood to be primarily because of this.

It follows, therefore, that domestic general trading companies are racking their brains to establish definite lines linking them directly to the North Korean power elite. But it is not an easy thing to do. Intermediary companies or North Korean trading company employees sent abroad to China, Hong Kong, and Japan all claim they have direct links to the power elite, but there is no way to verify this. Even Lucky-Gold Star, which is far out in front of domestic businesses in trade performance with North Korea, says it only assumes the certain Chinese intermediary it does business with has connections with a person of considerable influence in North Korea. But Lucky-Gold Star is unable to identify just who the influential person is.

The reason Daewoo this year has enjoyed unusual benefits in trade with North Korea is that Daewoo, out of all the domestic businesses, was able to establish the most reliable connection of all. Needless to say, the reason is that Daewoo Chairman Kim U-chung visited North Korea early this year, got an agreement to promote joint ventures, and was warmly welcomed by President Kim Il-song. A person connected with Lucky-Gold Star said, "The North Koreans this year appear to have taken a shine to Daewoo." He added, "Because of this I think that even if domestic businesses compete for the same item, North Korea will give Daewoo the preference." This person took a somewhat optimistic position, however, saying, "I do not think Daewoo's special preference will last long."

In contrast to this, the Samsung folks take a somewhat more serious view, interpreting the North Koreans' demands for import-related changes as meaning a new policy toward North-South trade. A Samsung Products person said, "It appears that North Korea this year has established a policy of making Daewoo its sole window for North-South trade," and he predicted that "trade with the North on the part of other businesses is going to be on ice for a fairly long period of time." This person opined that North Korean authorities have decided to centralize their trade window with the South in order to prevent the expected ideological wavering on the part of North Korean foreign trade officials vying with one another for contacts with South Korean companies, and to occupy the advantageous high ground in price negotiations.

Just which of these divergent views is closest to the truth only time will tell. At present, it seems the indications are obvious that North Korea has adopted a more negative attitude than before with respect to expanding trade with South Korea. Here, one factor is that North-South dialogue is at an impasse because of the issue of nuclear inspections, and our government is linking this to North-South economic cooperation.

On the other hand, in North Korea, significant changes, albeit small, are occurring, however. Typical of such changes is the more positive attitude of the North Korean port administrative authority. After Kim Il-song's birthday last 15 April in particular North Korea's port management organs have been replying comparatively quickly to radio messages of ships requesting advance preparations for port entry, and they are appearing to try to expedite as much as possible the loading and unloading of goods. This is interpreted as stemming from the fact that the instruction has gone down to port organs to earn foreign exchange, and the port authorities are doing this in order to receive dispatch money that is paid as a reward by the shipping company when work is completed faster than scheduled.

Of course, this kind of change should not be overestimated. For a considerable time in the future domestic businesses will continue to experience the same kinds of difficulties they have experienced up to now in trade with North Korea and at times the situation may be even worsen. An official of the Samsung Products said, "If you expect to make a profit in trade with North Korea it will be rough. You have to think of it as paying the cost of reunification by buying North Korean goods."

Brunei, Malaysia & Singapore

Brunei

Singapore Premier Goh Arrives for Visit 29 Jun

BK2906115792 Singapore Singapore Broadcasting Corporation in English 1100 GMT 29 Jun 92

[Text] The prime minister, Mr. Goh Chok Tong, has discussed bilateral relations with Sultan Haji Hassanal Bolkiah of Brunei in Bandar Seri Begawan. He said they were happy that Singapore and Brunei had further strengthened their cooperation [words indistinct]. Also present at this afternoon's audience with the sultan were the minister for law and home affairs, Prof. Jayakumar, and the communications minister, Mr. Mah Bow Tan. Mr. Goh and his 22-member delegation arrived in Bandar Seri Begawan this morning for a two-day visit. They were received by Brunei's minister for communications, Datuk Sri Laila Dr. Awang Haji Zakaria. Mr. Goh will attend a dinner held in his honor at the istana [palace] this evening.

Malaysia

Khmer Rouge Urged To Comply With Paris Accord

BK2906154492 Kuala Lumpur NEW STRAITS TIMES in English 27 Jun 92 p 10

[Editorial: "Comply for Cambodia's Sake"]

[Text] Concerted international pressure should be piled upon the Khmer Rouge to show it the way to honour its part in the Paris agreement (one that has endured the endless finger-pointing and scrutiny of all parties, including the Khmer Rouge), to achieve its final endorsement of the accord as the essential path to Cambodian peace.

Not only has the Khmer Rouge casually dusted off its powdery words and bond, revealing its distinctly flaky quality, with its calculated refusal to comply with the United Nations-supervised disarmament, but it is threatening to spoil a peace process that has taken many countries much time and painstaking effort to put together.

Reactions all around have predictably expressed annoyance and dismay. Malaysia pronounced its unhappiness with the Khmer Rouge refusal to abide by the peace accord. Foreign Minister Datuk Abdullah Ahmad Badawi said on Thursday that the Khieu Samphan-led faction should discard its excuses and focus instead on fulfilling the conditions of the peace agreement. The Khmer Rouge, he added, should wake up to the fact that the peace accord was the last opportunity to bring peace and stability to its country.

Meanwhile, the European Community urged the delinquent faction to back down from its refusal to disarm its fighters for the sake of the UN-brokered peace process. Mr Yasushi Akashi, head of the UN Transitional Authority in Cambodia (UNTAC), branded the refusal a "clear violation of the Paris agreement".

Even the military chief of the Khmer People's National Liberation Armed Forces, Lieutenant-General Pann Thay, was disturbed enough to declare that his fighters would switch to the government side to combat their former Khmer Rouge allies if they continued to reject the UN peace accord.

If China, which must share the world's and, in particular, East Asia's concern over the fracture in Cambodia's peace process, were to join the rest of the world to condemn the Khmer Rouge's derailment of the peace process, it would leave the faction with little choice but to comply with the peace plans. No one faction could possibly block the Paris agreement if it were to be isolated. And peace must come to Cambodia and the other broiling spots on earth before the world can truly flourish.

A total of 33 countries, 12 international organisations and the European Community have pledged US$880 million to rebuild a war-battered Cambodia at the ministerial conference on rehabilitation and reconstruction of Cambodia in Tokyo. Although its delegates expressed concern over the standstill caused by the Khmer Rouge, it is hoped that the aid would induce the communist guerillas to alter their stance.

Prince Norodom Sihanouk, chairman of Cambodia's Supreme National Council, has aired his fears that because the Khmer Rouge only understands totalitarianism, it is capable of doing deliberate damage to the peace process so as to bar the holding of free elections by 1993.

Surely a whole nation that truly desires peace can stop a single faction from imposing its stamp of destruction on the entire country. Few people or parties, including the military, have been able to resist the will of the people in any one country, when the tidal force of a people's combined and united will to free their country from tyranny and violence has been truly set in motion. It is only when that will does not reflect the will of the majority or does not go deep enough, that it fails.

Repatriation of SRV Refugees Discussed

BK2606065292 Kuala Lumpur BERNAMA in English 0311 GMT 26 Jun 92

[Text] Kuala Lumpur, June 26 (OANA-BERNAMA)—A number of the 11,300 Vietnamese "boat people" in the Sungai Besi transit camp near here ineligible for refugee status, have threatened suicide if they are forcibly repatriated home, a United Nations official said.

"Though these are just threats and involve a small number, we do take them seriously. We will continue to repatriate them on a voluntary basis," he added.

The official, from the United Nations High Commissioner for Refugees (UNHCR) office here, said the threats included going on hunger strike.

They became more evident after Vietnam signed a memorandum of understanding (MOU) with the UNHCR in 1988 paving the way for voluntary repatriation, he added.

Under the MOU, Vietnam pledged that the repatriated Vietnamese would not be persecuted.

The official noted the Malaysian Government's assurance that there would be no forced repatriation and he said the "boat people" need not worry that they would be sent home against their will.

He added that a Vietnamese delegation comprising officials from the Immigration Department would arrive here on July 1 to interview another 250 "boat people" who had applied to return home.

A total of 462 "boat people" were repatriated while another 465 were resettled in third countries so far this year, according to the official.

"Since last November, the UNHCR received an average of 100 applications a month from the boat people who wish to return home. Before that, it was only an average of 18 applications a month," he said.

Last March, one Vietnamese managed to "sneak" into the country and he was now in the transit centre, he added.

Piracy Threat in Straits of Melacca Viewed

BK2806133392 Kuala Lumpur UTUSAN MALAYSIA in Malay 1 Jun 92 p 6

[Editorial: "The Serious Situation at Straits of Melacca"]

[Text] The serious attention given by Malaysia, Singapore, and Indonesia to the security of ships passing through the Straits of Melacca shows that the three countries share a sense of joint responsibility for security in this region. If the security in the straits is initially entrusted to the police forces of the three countries, the growing threat of pirate attacks will make it necessary for a military task force to be deployed to assist the police forces.

The latest development, which is the result of a recent meeting between Indonesian Armed Forces Commander General Try Sutrisno with his Malaysian counterpart General Tan Sri Yaacob Zain in Jakarta, should not be misunderstood as military preparations to cope with any situation arising from the overlapping claims of several countries on several islands in the South China Sea, including the Spratlys.

The deployment of military forces to oversee the maritime traffic in the straits is also not aimed at replacing the police forces of the three countries operating in the area. The deployment is necessary in view of the recent increasing threat of pirate attacks, which have affected merchant ships from several countries.

There is indeed anxiety among ship owners over the safety of their ships passing through the Straits of Melacca. Therefore, before the situation gets worse, countries with a sense of responsibilty for the straits should take preventive steps. The use of police forces from the three countries to oversee the security of the straits was proposed by Malaysia and was later approved by Indonesia at the 20th sesion of the Malaysia-Indonesia General Border Commission in Kuala Lumpur last January. Singapore also gave its approval later. At that time, the three countries had no choice and decided to use police forces in view of the growing pirate threat. Nevertheless, the three countries finally made a decision to deploy their military forces to assist their police forces cope with the threat of piracy.

Due to the pirates' growing activities, Britain also plans to send its warships to escort its merchant ships when they pass the Straits of Melacca. Obviously, Malaysia will not oppose Britain's move because the Straits of Melacca is a free waterway. It is difficult for Malaysia alone to combat the pirates because the straits is a vast area, but it is optimistic that with the cooperation of Indonesia and Singapore, the problem of piracy will sooner or later be solved.

Singapore

Malaysia Presents Documents on Island Claim

BK2906114092 Singapore Singapore Broadcasting Corporation in English 1100 GMT 29 Jun 92

[Text] Malaysia has officially presented documents on its claim to Pedra Branca to Singapore. A statement from the Malaysian High Commission in Singapore said a memorandum was conveyed by its high commissioner, Datuk Emam Mohamed Haniff, to Mr. Peter Chan Jer Hing, the permanent secretary of the Foreign Ministry this afternoon. The memorandum was simultaneously conveyed to Singapore's high commissioner to Malaysia, Mr. Low Choon Ming.

A spokesman for the Foreign Ministry said Singapore was very pleased to receive Malaysia's documents at last. Singapore will study the document and then meet to resolve Malaysia's claim on a legal basis.

Singapore owns Pedra Brance where [words indistinct] lighthouse is located and has administered it for the past 150 years. Malaysia made its claim to the island which it calls Pulau Batu Putih some 11 years ago. Both countries have since agreed to resolve the dispute through an exhange of documents. On 17 February this year, Singapore presented to Malaysia documents proving the island's sovereignty.

Cambodia

Hor Namhong Visits Southeast Asian Nations

Meets With Malaysian Leaders

BK2706041592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 26 Jun 92

[Text] During a visit to Malaysia, His Excellency [H.E.] Hor Namhong, member of the Supreme National Council [SNC] and State of Cambodia's foreign minister, successively held talks with H.E. Badawi, foreign minister; and H.E. Mahathir, prime minister, on 25 June.

At the talks, H.E. Hor Namhong thanked the Malaysian leadership and government for their warm and cordial reception. He praised and expressed profound gratitude for the great role of Malaysia in sending troops to join the UN Transitional Authority in Cambodia [UNTAC] as well as contributing $1 million enabling the conference in Tokyo on 22 June to be successful beyond expectation.

H.E. Foreign Minister also informed Malaysia's high-ranking leadership on the situation concerning the implementation of the Paris agreement. H.E. Hor Namhong pointed out the significance of the implementation of the cease-fire's second phase in order to gather and reduce 70 percent of all parties' armed forces. The State of Cambodia side has started to implement this second phase since 13 June in accordance with an UNTAC decision. H.E. Hor Namhong stressed that, on the contrary, the Khmer Rouge have opposed this second phase by raising two conditions claiming that Vietnamese troops are still in Cambodia and demanding that the SNC has rights and power like a government.

In truth, however, the Khmer Rouge want to dissolve the current Phnom Penh government. H.E. Hor Namhong also pointed out that the Khmer Rouge's demands are against the Paris agreement. H.E. Akashi, UN special respresentative; the cochairmen of the Paris conference on Cambodia; and the permanent members of the UN Security Council [UNSC] put forward a number of proposals in an unofficial document with a reconciliatory spirit at a meeting of the SNC in Tokyo 22 Jun. This was done as a concession to the Khmer Rouge, but one which is not against the agreement.

H.E. Hor Namhong stressed that efforts should be made to keep the Khmer Rouge within the framework's agreement. Before concluding, H.E. Hor Namhong pointed out that after all these efforts, if the Khmer Rouge continue to reject the implementation of the Paris agreement, certain measures should be taken by the international community. Particularly, the UNSC should act because the second phase cannot be put off indefinitely. This is a key phase in the implementation of the entire agreement.

The Malaysian high-ranking leadership thanked H.E. Hor Namhong for providing detailed information on the latest situation in Cambodia. Malaysian Foreign Minister Badawi pointed out the United Nations and all Cambodian parties should strive to find ways to implement the agreement and prevent the resumption of fighting because the Cambodian people have suffered for a long time already. He also said that one cannot demand what is beyond the agreement. H.E. Badawi noted that after the implementation of the agreement as stipulated in the unofficial document of the cochairmen of the Paris international conference on Cambodia, if the Khmer Rouge still refuse to implement the agreement, a firm stance should be taken.

H.E. Badawi also agreed with H.E. Hor Namhong that from now on we should consider the measures to be taken if the Khmer Rouge continue to violate and refuse to implement the agreement they have signed.

Concerning bilateral and cooperation relations, H.E. Hor Namhong welcomed all private Malaysian companies, which want to invest in Cambodia, in the fields of agriculture, rubber, and tourism. He also talked about cultural and technical cooperation, such as the planned dispatch of Cambodian specialists for training in Malaysia.

Malaysian Foreign Minister H.E. Badawi informed Hor Namhong about the Malaysian Government's decision to provide edible oil for the Cambodian people, who are facing difficulties.

H.E. Hor Namhong expressed profound thanks to the Malaysian Government for this new gesture.

The talks were held in an atmosphere of friendliness and mutual understanding.

Visits Brunei 27-28 Jun

BK2906124192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 29 Jun 92

["Communique on the visit to Brunei Darussalam of His Excellency Hor Namhong, member of the Supreme National Council of Cambodia and minister of foreign affairs"—read by announcer]

[Text] The delegation of the State of Cambodia [SoC] Foreign Ministry, headed by His Excellency [H.E.] Hor Namhong, paid a visit to Brunei Darussalam from 27 to 28 June. H.E. Hor Namhong, member of the Supreme National Council of Cambodia [SNC] and minister of foreign affairs, and the Foreign Ministry delegation attended a luncheon after arriving in the capital city of Bandar Seri Begawan of Brunei Darussalam. The luncheon was hosted by Prince Mohamed Bolkiah, minister of foreign affairs for Brunei, and his consort.

Afterwards, at 1400, H.E. Hor Namhong had an audience with Sultan Yang Dipertuan Hassanal Bolkiah at Nurul Iman Palace.

H.E. Hor Namhong held talks with Prince Mohamed Bolkiah, minister of foreign affairs, and attended an audience with the sultan of Brunei Darussalam. On behalf of the Cambodian Government and people, H.E. Hor Namhong expressed profound thanks to the Brunei sultan and government for actively participating in the Cambodian peace process and contributing to the funds for Cambodia's rehabilitation and reconstruction. At the same time, H.E. Hor Namhong briefed the sultan and Prince Mohamed on the latest developments of the Paris peace accord implementation. He stressed that the accord's implementation has entered its second phase in which troops are to be regrouped and 70 percent of the forces of all Cambodian factions to be dissolved. The implementation of this second phase, however, has been rejected by the Khmer Rouge through the imposition of two preconditions, which is contrary to the spirit of the Paris accord. H.E. Hor Namhong underlined the Khmer Rouge intransigence, which has complicated the peace process in Cambodia. In spite of that, he said, the SoC faction has sincerely implemented this second phase.

H.E. Akashi, together with the cochairmen of the international conference on Cambodia and the five permanent members of the UN Security Council [UNSC], recently in Tokyo tried by all means to keep the Khmer Rouge within the accord's framework. For this reason, they put forward an informal document as a concession to the Khmer Rouge. This concession, however, cannot be outside the Paris accord. H.E. Hor Namhong observed that should the Khmer Rouge persist in violating the accord by refusing to apply the second phase, the UNSC and the cochairmen of the international conference on Cambodia may consider the possibility of taking tough measures against them.

Foreign Minister Prince Mohamed and the sultan were both pleased with the briefings presented to them by H.E. Hor Namhong. They stressed their concerns and those of the Brunei Government over the intransigence and noncompliance of the Khmer Rouge. They also expressed hope that the cochairmen of the Paris conference and especially the United Nations may use their influence to force the Khmer Rouge into giving up their tricks and instead joining with other factions in implementing the Paris accord so as to bring about peace for the Cambodian people.

The audience proceeded in a joyous and friendly atmopshere.

Arrives in Bangkok for 'Working' Visit

BK2906140892 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 29 Jun 92

[Text] The Ministry of Foreign Affairs delegation headed by His Excellency Hor Namhong, foreign minister and member of the Supreme National Council of Cambodia, arrived at the Bangkok airport on the night of 28 June from Brunei Darussalam for a working visit to the Kingdom of Thailand. Greeting the delegation at the airport were the deputy chief of protocol and a number of other officials from the Thai Ministry of Foreign Affairs. The Thai amabassador extraordinary and plenipotentiary, H.E. Sunai Bunyasiriphan, and his wife were also on hand.

Hor Namhong Urges Firmness With Khmer Rouge

BK2906123292 Hong Kong AFP in English 1137 GMT 29 Jun 92

[By Charles-Antoine de Nerciat]

[Text] Bangkok June 29 (AFP)—A Phnom Penh government leader, warning that continued Khmer Rouge blocking of the Cambodia peace process could lead to a resumption of war, insisted here Monday that the United Nations stand firm against the Marxist guerrilla group.

"The Khmer Rouge are not as strong as has been reported abroad," Foreign Minister Hor Namhong told AFP in an interview.

The Phnom Penh official dismissed a fresh Khmer Rouge proposal for a "consultative body" of Cambodia's rival factions to be set up to function in conjunction with the the U.N. Transitional Authority in Cambodia (UNTAC).

Cambodia's civil war formally ended in October last year in Paris when Phnom Penh's Vietnam-installed government and a guerrilla alliance dominated by the Khmer Rouge signed a peace treaty under which UNTAC is to supervise a process leading to free and fair elections in mid 1993.

A reconciliation body of the rival factions, the Supreme National Council (SNC), was also established under the accord.

The SNC is to hold a crucial meeting in Phnom Penh on Thursday during which the Khmer Rouge will be asked to reverse its refusal to go along with the just started U.N. program to disarm the factions and demobilise most of their forces.

The Khmer Rouge have set preconditions for cooperating with UNTAC, demanding verification of the withdrawal of Vietnamese troops and more power for the SNC. Hanoi's forces invaded Cambodia in late 1978 to topple the Chinese-backed ruling Khmer Rouge but a complete Vietnamese pullout was announced in September 1989.

Hor Namhong said that the U.N. Security Council should order sanctions to be taken against the Khmer Rouge if they did not accept to lay down their arms.

He described their proposal for the formation of a "consultative body" within the SNC as an attempt to achieve "a de facto dismantling" of Phnom Penh, saying it was in line with consistent efforts by the faction to destroy his government.

"One should not be lured by the new proposal of the Khmer Rouge. It is aimed at a de facto dismantling of the Phnom Penh administration," he said.

"It is a trap," added Hor Namhong, who is returning Tuesday to Phnom Penh after attending last week's Cambodia conference in Tokyo and touring southeast Asian countries.

Hor Namhong said the Khmer Rouge should not be allowed to continue to jeopardise Cambodia's peace process although efforts had to be made to convince them to cooperate with the U.N.. The alternative, he said, was a resumption of hostilities.

"I wholeheartedly hope this will not be the case but the Khmer Rouge may force everybody into such a situation," he said.

He insisted that the situation would not be the same as before the Paris accord.

"The Khmer Rouge would not stand to fight against the Phnom Penh regime again, but against the international community, the U.N.. They would become international outlaws," he said.

Hor Namhong was quick to add, however, that U.N. forces currently deployed in Cambodia would not have to fight Khmer Rouge guerrillas. "Phnom Penh troops could perfectly well contain them," he said.

'Prominent' Dissident Joins Sihanouk's Party

BK3006055992 Hong Kong AFP in English 0530 GMT 30 Jun 92

[Text] Phnom Penh, June 30 (AFP)—A prominent Cambodian dissident who was jailed and nearly assassinated for his anti-government views has joined the political party loyal to Prince Norodom Sihanouk.

Ung Phan and his handful of followers joined the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party earlier this month, according to political sources who did not want to be identified. The dissident himself said he did not want to comment on joining the party headed by Sihanouk's son, Prince Norodom Ranariddh.

The sources said Ung Phan was having difficulty attracting members to his own party, particularly after he took four bullets in the neck and upper back by drive-by assassins in January. No one has been arrested for the crime. Political sources have blamed hard-line elements within the Phnom Penh regime for the attack, but no firm evidence has emerged.

Ung Phan's closest associate, Yang Horn, died of a blow to the head under mysterious circumstances in March.

Since the two incidents, including threats and intimidation of his party members, Ung Phan has kept a low profile. Diplomatic sources say he is wary of leaving his house except for special occasions because he fears having the kind of mysterious accident that killed Yang Horn.

Ung Phan and six associates spent 17 months in jail for attempting to form their own political party under the formerly communist Phnom Penh regime.

It was not clear whether he would run in U.N.-run elections scheduled for May 1993.

Son Sann Hails 'Big Success' of Tokyo Meeting

BK3006065192 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 30 Jun 92

[Text] His Excellency Son Sann, president of the Khmer People's National Liberation Front, chairman of the Buddhist Liberal Democratic Party, and member of the Supreme National Council, said in an interview with a correspondent of the Voice of the Khmer in Bangkok, Thailand, that the outcome of the recent Tokyo meeting on rebuilding Cambodia—during which aid worth $880 million was collected—was a big success, a success achieved through the great sympathy that various countries have for Cambodia and the Cambodian people. Quoting the Japanese foreign minister's statement, H.E. Son Sann stressed that if we Cambodians perform our work well and show ourselves worthy of trust, the international community may seek a greater amount of aid for us.

Regarding the second phase of the cease-fire in Cambodia, his excellency said that both Vietnamese troops and immigrants illegally settled in Cambodia must be withdrawn from Cambodia under UN supervision. At the same time, his excellency called on all Cambodian factions to lay down their weapons in line with the Paris agreement.

Unscrupulous Faction's Smear Campaign Condemned

BK2606113592 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 26 Jun 92

[Press communique of the Khmer People's National Liberation Front Ministry of Information, date not given—read by announcer]

[Text] Lately, realizing that the Khmer People's National Liberation Front [KPNLF] under the leadership of His Excellency Son Sann has won tremendous support of the Khmer people, who have turned up in remarkably large numbers to apply for membership of the Buddhist Liberal Democratic Party [BLDP], a certain faction worried by our popularity has sought by various improper means to degrade the good name and prestige of the KPNLF and BLDP. Some of these wicked tricks are fabricated protest petitions lodged with His Royal Highness the prince head of state and His Excellency Yasushi Akashi, head of UNTAC [UN Transitional Authority in Cambodia]. They concern a few pictures and the intimidation or arrest, incarceration, forced finger printing, and empty promises made in police stations or district and provincial offices. Moreover, a group of persons posing as KPNLF members has been put together to dupe those who sympathize with the KPNLF and BLDP, demanding stipends from them at rate above the limit set by our party.

In so doing this faction hopes to strain our relations with the people. It also seeks to agitate or organize its own groups to conduct something against us when this is possible one day.

Therefore, the KPNLF Ministry of Information would like to condemn any faction that has behaved in such a way, and would like to inform the public that the BLDP has not authorized any member or person to demand contributions from our people in a manner contrary to the party statute.

We would like to reiterate that to obtain party membership, one only needs to provide us with 200 riels and two photographs together with the backing of any current BLDP member. The membership application must be made at the party's headquarters. For this reason, ladies, gentlemen, and compatriots, if you encounter any dishonest person with the evil intention of smearing the name of our party by behaving in ways contrary to our statute, kindly pass us the information and do not believe the lies of that treacherous person.

The BLDP grants membership to any Khmer citizen, who loves our political platform so that we will work together to rebuild the nation. In return, it promises to no monetary reward, honors, or positions as claimed by the unscrupulous persons from an unscrupulous faction.

Commentary on 'Deadlocked' Accord Implementation

BK2606044992 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 25 Jun 92

[Station commentary: "Why Can't the Second Phase of the Cease-Fire Be Implemented?"]

[Text] The world is following the progress of the implementation of the Paris accord in Cambodia with concern and it wonders why the second phase of the cease-fire cannot be implemented. In order to clearly understand the current situation regarding the implementation of the agreement, it is necessary to find out how the accord has been implemented by the resistance forces on the one hand and the yuon [derogatory term for Vietnamese] aggressors and some crooked people on the other.

I. Resistance forces: The Cambodian national resistance forces, particularly the Party of Democratic Kampuchea, have unrelentingly insisted that all should scrupulously respect and implement all aspects of the Paris 23 October 1991 accord. They have also repeatedly demanded that the following two key aspects be implemented:

A. Verification of the complete withdrawal of yuon aggressors from Cambodia under the control and supervision of the UN peacekeepers and the four Cambodian parties.

B. The Supreme National Council [SNC] should assume its role as the unique legitimate body and source of authority in Cambodia during the transition and cooperate closely with the UN Transitional Authority in Cambodia [UNTAC]. This signifies that there is no source of authority other than the SNC and UNTAC.

If the two aforesaid aspects are implemented, a neutral political atmosphere will then exist for the organization of correct, just, free, and democratic elections. Only by doing this can the yuon war of aggression be ended, thereby allowing Cambodia to regain harmony, peace, and independence. The Cambodian people then will be totally free to exercise their rights to self-determination and to defend and rebuild Cambodia in an atmosphere of national reconciliation and union.

This is a most reasonable request made in accordance with the letter and spirit of the Paris 23 October 1991 accord, as well as the desire and interests of the entire Cambodian nation and people. The Cambodian nation and people and the Cambodian national resistance forces want nothing more than implementation of the Paris accord. So is it wrong to put forward such a request? We—the victims of the yuon invasion—who have conducted a struggle for over 13 years with the view of completely eliminating the yuon so as to allow Cambodia to recover genuine peace and independence, have ceaselessly been subject to constant accusations. Is this correct? And is it in conformity with or against the wish of the Cambodian nation and people?

II. The yuon aggressors and a number of crooked people: It has been nearly eight months since the beginning of the accord's implementation. During this eight-month period, the yuon aggressors and a number of dishonest people have been committing scores of irregularities in violation of the accord:

A. They have used trickery at negotiating tables and militarily used threats and harassment to subdue the resistance forces, divert verification of the complete withdrawal of yuon aggressors from Cambodia, and further keep the yuon invading troops in the country.

B. They sustain and allow the Phnom Penh puppet regime that the yuon installed in 1979 to further administer Cambodia through so-called honorary President Heng Samrin, acting President Chea Sim, Premier Hun Sen, Foreign Minister Hor Namhong, Defense Minister Tie Banh, and so on. Those people have been shored up by the yuon aggressors in controlling Cambodia since 1979. So is this not a violation of the accord? Why allow the yuon aggressors' regime to continue to control Cambodia?

By all means, the accord does not specify preservation of the yuon aggressors' regime. Only the SNC and UNTAC should consult each other about running Cambodia, administering all state affairs, and especially controlling the five ministries. All in all, due to the two aforementioned different and opposing ways of executing the accord, phase two of the cease-fire cannot be implemented and remains deadlocked.

Cease-Fire Violations Reported in 6 Provinces

Vietnamese Shelling in Kampot

BK3006021492 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 29 Jun 92

[Excerpt] According to a report from Kampot Province, the Vietnamese aggressor forces and Vietnamese puppet troops fired 17 rounds of 130-mm and DK-82 shells into Rong Veng village, Tuk Meas District, Kampot Province in mid-June. Among the casualties were 18 inhabitants, including five children. Ten others were wounded, including two women. Moreover, four oxen and buffalo and many fowls were killed, three houses burned down, and many crops destroyed. [passage omitted]

Reports of 'Vigorous' Military Action

BK2806083592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 27 Jun 92

[Text] The Khmer Rouge have continued to commit truce violations against the Paris accord, according to reports from the Mixed Military Working Group [MMWG] of the State of Cambodia [SOC] side. We have noted that the Khmer Rouge conspicuously have stepped up their vigorous military activities in Kompong Thom, Preah Vihear, Kompong Cham, Battambang, and Siem Reap-Oddar Meanchey Provinces as well as in other areas in our SOC since the beginning of the second phase of cease-fire, which came into effect at 0800 on 13 June 1992.

In light of the reports, we can see that the Khmer Rouge have not only launched attacks against our armed forces and people, but have also committed violations and carried out arrogant hostilities against forces of the UN Transitional Authority in Cambodia [UNTAC]. UNTAC forces are the United Nations' troops for monitoring the cease-fire and keeping peace in Cambodia.

As matter of fact, a report from the MMWG of the United Nations says the Khmer Rouge shot at a UN plane for the second time following an earlier incident in Kompong Thom Province on 26 February 1992. The report added that on 21 June in the same province, over 100 Khmer Rouge elements from Divisions 616, 607, and 802 gathered in an area 2-3 km north of O Pou with heavy guns in preparation for an attack on the SOC's armed forces, which were then executing phase two of the cease-fire by regrouping in O Pou Village. At 1230 on the same day, the aforementioned Khmer Rouge soldiers shot at a Mi-17 helicopter of the UNTAC west of O Pou on coordinates 45/00 when the plane was flying low due to bad weather—the aircraft was flying from Stung Treng Province over Preah Vihear and Kompong Thom Provinces toward Siem Reap Province. The shooting wounded a Russian pilot, according to the UNTAC. The plane did not make any stopover and was flying back to Phnom Penh where the injured pilot was rushed to a hospital.

According to reports from Military Regions Two and Four, the Khmer Rouge told their troops not to lay down arms and regroup between 18 and 20 June. , They argued that the UNTAC has no right to verify their forces and that it can only enter their controlled regions with an authorization from Mr. Khieu Samphan; otherwise the Khmer Rouge would shoot. And anyone who shot down an UNTAC plane would be awarded $3,500.

Along with the attack on the UN helicopter at 1430 on 21 June, the same Khmer Rouge troops raided and fired many artillery shells on the SOC's forces stationed at O Pou. The lengthy attack forced our troops to temporarily abandon the aforesaid position. In exerting the right to self-defense, however, our forces were able to retake the position at 0800 on 22 June.

At 1400 on 14 June, the Khmer Rouge troops from Division 616 launched an onslaught on a position of the SOC's forces on Route 12 in Prasat Balang of Kompong Thom Province, killing three SOC soldiers and wounding five others. And at 2000 on the same day, Khmer Rouge troops fired many rounds from H-107 guns on the position of the SOC's armed forces at Mean Chey Commune in the same province, killing two soldiers, wounding three, and seriously injuring a civilian.

On 18 June, Khmer Rouge elements from Division 885 fired four shells from DK-82 guns on Kradas Village in Kompong Cham Province. And at 1800 on 21 June, some 18-25 Khmer Rouge soldiers attacked the SOC's forces at Sre Noy in Siem Reap-Oddar Meanchey, killing an SOC soldier.

On 22 June, Khmer Rouge troops fired with 60-mm guns and B-40 ½ rocket launchers five rounds on an area in Svay Leu District of Siem Reap-Oddar Meanchey Province. And between 1430 and 1600 on 23 June in Preah Vihear Province, Khmer Rouge troops from Divisions 612 and 616 raided and temporarily occupied the position of the SOC's forces at Kaoh Ke Village in Kulen District.

It is worth noting that so far the Party of Democratic Kampuchea has continued to commit gross truce violations. This is evidence that the faction has no goodwill whatsoever to achieve peace in keeping with our people's aspiration. By all accounts, its true nature is to attempt to further its regime and rule of three years, eight months, and 20 days that our people have already gone through. The Cambodian people and the international community, particularly the United Nations are resolved not to allow the Polpotist Khmer Rouge to have a free hand to make the people further suffer mentally and physically.

Mines Transported in Kompong Thom

BK2806013392 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 27 Jun 92

[Excerpt] On 22 June, the Vietnamese aggressors and puppets transported 300 assorted mines from depots in Kompong Cham Province across Kompong Thom town right under the nose of UNTAC [UN Transitional Authority in Cambodia [UNTAC] to Route 12. People in Kompong Svay District [Kompong Thom Province] are furious with the flagrant violation of the 23 October 1991 Paris agreement by the Vietnamese aggressors and puppets. [passage omitted]

SRV Reportedly Resupplies Troops

BK2706010692 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 Jun 92

[Excerpt] Reports from Kompong Thom say that the Vietnamese aggressors and their puppets brought a plane load of assorted ammunition to their forces in Rovieng District, Preah Vihear Province on 25 June. Also on 25 June, a 15-truck convoy brought assorted ammunition and gasoline to their forces in Kompong Thom Province. [passage omitted]

Sniper Fire at UNTAC Plane 'Premeditated'

BK2606102592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 26 Jun 92

[Station commentary: "The Khmer Rouge Remain the Khmer Rouge"]

[Text] While the national and international public was welcoming and expressing optimism for the success of the Tokyo conference on Cambodia's rehabilitation, a most disgraceful event took place in central Cambodia on 24 June. More seriously aggravating the already oft-disrupted second phase of the cease-fire accord in Cambodia, a white-painted UN helicopter was shot at and riddled with bullets by armed men during a peacekeeping mission over Kompong Thom Province. This was the third incident since UNTAC [UN Transitional Authority in Cambodia] arrived in Cambodia. Although this latest shooting did not cause any injuries to UNTAC personnel, it was absolutely the worst factor for the settlement of the Cambodian problem. We would like to ask which faction committed that crime? What benefit did it derive from shooting the UNTAC plane?

It is widely known that the first and second shootings of the UNTAC helicopters were carried out by the Khmer Rouge, who have refused to implement the second phase of the cease-fire. People also still remember that when an UNTAC helicopter landed in Stoeng Trang District, Kompong Cham Province, to inspect a small area controlled by the Khmer Rouge, not only did the polpotists prevent UNTAC from fulfilling its duty, but they also threatened that they would shoot down the helicopter should it overfly that area again. At the same time, they passed word among their men that there was a bounty of $3,500 for the downing of one helicopter.

The attitudes of the Khmer Rouge chieftains and their remarks above are well synchronized. They clearly show that those who shot at the UNTAC helicopter on 24 June are none other than the polpotists because except for these thugs, both the State of Cambodia [SoC] faction and the other two opposition factions have all closely cooperated with UNTAC. In particular, the SoC faction has fulfilled all 12 steps of the second phase.

Although it is in control of more than 80 percent of the territory and more than 90 percent of the population, so far the SoC has always displayed goodwill and sincerity in comprehensively implementing the Paris accord on Cambodia. The SoC has constantly created all kinds of facilitating conditions for UNTAC operations. On the contrary, the Khmer Rouge faction has repeatedly opposed UNTAC activities by erecting endless obstacles to them. More serious still, they have even threatened the security of UNTAC operational personnel.

The shooting of the UNTAC aircraft by the Khmer Rouge faction on 24 June constitutes the most glaring contempt for the international community, especially those countries participating in the Paris and Tokyo conferences. This action was the Khmer Rouge answer to the outcome of the Tokyo international conference and to the call of the international community for all Cambodian factions to cooperate with UNTAC. The first shooting of the UNTAC helicopter can be seen as a happenstance and the second as an accident. But the third shooting was certainly a premeditated attempt. The Khmer Rouge strategy is to undermine the Paris accord by making life in Cambodia difficult for UNTAC and forcing it to withdraw, thus facilitating their seizure of power through war. However, it has not been as easy as they expected. The third shooting of the UNTAC plane by the Khmer Rouge clearly shows the world that the Khmer Rouge remain the Khmer Rouge, bereft of flexibility, denuded of sincerity, and unchanged. As always, they continue to nurture the ambition of settling problems through the barrels of guns.

The Cambodian people would like to categorically condemn this shooting of the UNTAC aircraft, considering it a serious threat to the UN peace plan. The Cambodian people would like to appeal to the international community to condemn and take effective measures against violations of the Paris accord. Otherwise, the elections will be unfeasible and the $880-million pledge by the Tokyo conference for Cambodia's rehabilitation will be meaningless if war and destruction continue in Cambodia, war and destruction that are hatched by those who have been wreaking havoc on the Cambodian people since 1975.

Central Bank Wants Riel Rate Tied to Thai Baht

BK2906053192 Bangkok BANGKOK POST in English 29 Jun 92 pp 13, 22

[Text] National Bank of Cambodia Governor Cha Rieng will invite the managers of Thai commercial bank branches incorporated in Phnom Penh to consult with him on the fixing of a riel/baht mid-rate.

Although there were currently more US dollars than baht being circulated in Cambodia, the National Bank of Cambodia believed it should tie its currency with the baht, Mr Cha Rieng said.

This was because Thailand has strong trade, investment and cultural links with Cambodia.

The National Bank of Cambodia was also impressed by the favourable economic expansion of Thailand and planned to adopt Thailand's economic development plans and strategies to develop its own economy, he said.

The central bank governor said he believed Thai commercial bank branches would be able to help counter blackmarketeering of foreign currencies in Cambodia and help the central bank fight inflation.

The exchange rate on the black market is currently 1,100-1,200 riel per US dollar, while the official exchange rate is 1,000 riel a dollar.

He had asked Thai commercial banks to open foreign exchange booths and mobile units in three major markets—hotels, restaurants and other popular tourist spots in Phnom Penh.

The State of Cambodia has already imposed foreign exchange laws and a commercial bank law will come into effect next month.

The commercial bank law will allow foreign commercial banks to carry out general commercial bank business, including lending, taking deposits and trade financing.

Mr Cha Rieng said the law would be very flexible for foreign commercial banks. Foreign bank branches would be allowed to open sub-branches anywhere in the country.

The law would not set any requirement for foreign commercial bank branches to have a minimum registered capital. "We believe in their credibility, particularly Thai commercial banks."

Some Thai commercial banks incorporated in Cambodia were in the form of joint ventures with the Cambodian Government.

The Cambodian central bank had so far received 48 applications from foreign banks to open branches and approved licences to 12 of them.

The 12 included eight Thai banks—Bangkok Bank, Thai Farmers Bank, Thai Military Bank, Krung Thai Bank, Bank of Asia, Siam City Bank, Bangkok Metropolitan Bank and Siam Commercial Bank. The remainder are banks from Malaysia, Hong Kong, Singapore and France.

"Only 10 more licences will be granted," Mr Cha Rieng said.

The banks which were granted licences had to propose details for the establishment of their branches within two months of receiving the licences.

The condition had been set to prevent groups applying for the licences to re-sell them later.

The price of the licence was normally 1-2 million baht, he said.

Regarding the development of the country's telecommunications, Mr Cha Rieng said the Cambodian Government had already signed an agreement with the Chinawat Computer and Communication Group to develop a mobile phone system.

"The development of a telecommunication system in the country will help attract more foreign investors here," he said.

Indonesia

MP's View Reduction of U.S. Military Aid

BK2806073692 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 29 Jun 92

[Text] Several members of parliament believe that the U.S. decision to reduce its military education and training programs for Indonesia should not be a source of concern or elicit various responses because the issue is purely the U.S. Government's internal affair. The remarks were made by Deputy House Speaker Sukardi; Oka Mahendra, vice chairman of the United Development Party faction; Member of Commission III Martin Hutabarat; and Member of Commission I Agus Tagor in Jakarta yesterday.

Sukardi noted it is the U.S. Government's own business whether it wants to increase or reduce its military assistance to any country and the issue should not be a source of concern. He stressed that Indonesian people should not try to discover any political reason behind the decision. Sukardi also refused to link the reduction of the U.S. assistance with the Dili incident.

Martin Hutabarat and Agus Tagor share Sukardi's view that Indonesia must reject any foreign assistance with political strings attached. Meanwhile, Oka Mahendra said he understands why the United States has decided to reduce its military assistance to several countries, including Indonesia. Oka Mahendra noted that the United States is having economic problems so many groups are calling for a reduction of its overseas assistance.

Sutrisno Not 'Worried' by Aid Cut

BK2906122492 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 29 Jun 92

[Text] General Try Sutrisno, commander of the Armed Forces of the Republic of Indonesia [ABRI], has made it clear that the ABRI will not be worried over a possible cut in military aid by the U.S. Congress because Indonesia will be able to conduct its own military programs. The ABRI commander was speaking to newsmen amidst the counting of votes for the 1992 general election in Jakarta this afternoon. According to the Armed Forces commander, the ABRI training program will continue even without this aid because there is no reason to discontinue it. However, Gen. Try Sutrisno said the ABRI will not rule out the possibility of other friendly countries offering their aid regardless of whether or not the U.S. aid will decrease as long as such aid is not attached with political strings.

Ruling Party Loses 17 Seats in Final Results

BK2906132892 Jakarta ANTARA in English 1209 GMT 29 Jun 92

[Text] Jakarta, June 29 (OANA/ANTARA) - The National Electoral Committee (PPI) here Monday announced the final results of the 1992 general elections, the country's sixth since independence in 1945, which confirmed the earlier estimate that the ruling Golkar [Functional Group] would lose 17 seats in the House of Representatives (DPR) for the coming term.

The PPI announced that the final results showed the Moslem-based PPP [United Developmen Party] won 16,624,647 votes, Golkar 66,599,331 votes and the nationalist PDI [Indonesian Democratic Party] 14,565,556 votes.

This means for the coming five year term PPP will have 62 seats (up by one from that of the 1987 general elections) and PDI 56 seats (up by 16) in the legislature.

Golkar in the previous general elections won 299 DPR seats.

Present on the announcement of the final tally were PPI members Susilo Sudarman (post and telecommunications minister), Harmoko (information minister), Azwar Anas (transportation minister), and Gen. Try Sutrisno (chief of the Indonesian Armed Forces).

Following this year's general elections, Golkar managed to have representatives from all of the country's 27 provinces. PPP failed to have representatives from Jambi, Bengkulu, Lampung, Bali, East Nusatenggara, East Timor, North Sulawesi, Southeast Sulawesi, and Irian Jaya, while PDI from Jambi, Bengkulu, Central Kalimantan, South Sulawesi, Southeast Sulawesi, and Maluku.

The announcement was also witnessed by the general chairmen of the PPP, Golkar, and PDI, the three recognized political parties in the country.

PDI Chairman Suryadi said the fact that his party managed to have 16 additional seats in the DPR was not all that mattered.

I prefer a guarantee that all the country's general elections will be free from vote rigging to winning more seats in the DPR, he said.

PDI has previously lodged some protests to the PPI over what it called unfair vote counting.

Suryadi called for a legal action to handle such unfair practices.

Registered voters for the 1992 general elections totalled 107, 656,697.

Of them only around 10 million cast invalid votes or did not show up at polling stations.

PPI Chairman Rudini (home affairs minister) said he would let the three political parties to discuss the implementation of the 1992 general elections.

If they think the law on the general elections should be amended, we could also talk about it together with a number of political experts and observers, he said.

He also confirmed reports that all complaints addressed to the PPI over vote rigging would be evaluated and dealt with in accordance with the existing laws and regulations.

According to Rudini, the decline in Golkar's vote was something normal as the other two parties had been successful in attracting new followers.

Laos

IMF Approves Credit for 1992 Program

BK2606111492 Vientiane KPL in English 0902 GMT 26 Jun 92

[Text] Vientiane, June 26 (KPL)—The International Monetary Fund [IMF] has approved a credit equivalent to SDR [Special Drawing Rights] 5.86 million (about U.S. $8 million) for the Lao People's Democratic Republic under the Structural Adjustment Facility (SAF) in support of the country's third annual economic and financial program for 1992.

This is the third installment of a three-year SAF credit equivalent to SDR 20.51 million (about U.S.$28 million), approved by the IMF in September 1989. Loans totaling SDR 14.65 million (about U.S. $20 million) have already been disbursed under two annual programs supported by the SAF, according to IMF's press release.

The Lao Government initiated its medium-term economic and financial program in mid-1989 to restore growth, control inflation, and achieve a more favorable external position, while implementing far-reaching, market-oriented reforms to improve efficiency in the allocation of economic resources. During the first two years of the program, the authorities acted decisively through tight limits on new credits to state enterprises, sharp increases in interest rates to positive real levels, and fiscal consolidation. Structural reforms under the program aimed at increasing the role of the private sector, emphasizing a market-determined price system, improving public resource mobilization, rationalizing public expenditure priorities, reforming and privatizing public sector enterprises, establishing a two-tier banking system, and liberalizing the trade system.

In response to these policies, economic growth recovered from a negative rate in 1988 to an average of 8 percent a year during 1989-91, and inflation declined sharply from 75 percent in 1989 to about 10 percent in 1991. The non-agricultural sector began to respond positively to the reforms, and the external position improved. These achievements are all the more impressive in light of the sudden collapse of virtually all trade with the former Soviet Union, which had previously accounted for about one-fifth of total Lao trade.

The program for 1992 aims at a rate of GDP growth of 6.5 percent, a reduction in the rate of inflation to 6-7 percent by the end of the year, and strengthening of the country's external payments position. To these ends, fiscal policy is designed to increase government saving, primarily through a stronger revenue effort, and will be accompanied by restrained credit expansion to prevent a resurgence of inflation. Key objectives of public investment are to create productive employment opportunities, to develop the national infrastructure, and to provide effective access by the poor to social services, particularly education, health care, and sanitation.

The program also envisages faster privatization of state enterprises, and further strengthening of the legal and regulatory framework to promote a larger role for the domestic and foreign reform strategy is to increase the integration of the Lao People's Democratic Republic into regional and world economies through further trade liberalization and encouragement of foreign investment. [sentence as received]

The Lao People's Democratic Republic joined the IMF in 1961. Its quota is SDR 29.3 million (about U.S. $40 million), and its outstanding financial obligations to the IMF currently total the equivalent of SDR 14.65 million (about U.S. $20 million).

A member's quota in the IMF determines, in particular, the amount of its subscription, its voting weight, its access to IMF financing, and its allocattion of SDRs.

Philippines

Fidel Ramos Formally Inaugurated 30 Jun

Dignitaries Arrive 29 Jun

HK2906074592 Manila BUSINESS WORLD in English 29 Jun 92 p 16

[Text] Things will be hectic at the Ninoy Aquino International Airport today as foreign dignitaries fly in for the inauguration of President-Elect Fidel Ramos.

ASEAN member-states will have sizable delegations led by their respective foreign ministers: Prince Mohamed Bolkiah (Brunei), Ali Alatas (Indonesia), Abdullah Ahmad Badawi (Malaysia), Wang Kan Seng (Singapore) and Asa Sarasin (Thailand).

Except for the U.S., the rest of ASEAN's dialogue partners have high-profile representation. Former Prime Minister Toshiki Kaifu heads the Japanese delegation. Similarly, South Korea will be represented by former Prime Minister No Sin-yon. Minister for Trade and Foreign Affairs Gareth Evans heads the Australian delegation, New Zealand is sending Trade Minister Philip Burdon and Canada will be represented by Senator Consiglio di Nino.

The U.S. has designated Peace Corps director Elaine Chao as head of delegation. Members of the delegation include MAI [Multilateral Assistance Initiative] coordinator Elliot Richardson, evangelist Pat Robertson and Judge David Valderama, a Filipino who immigrated to the U.S. in the '60s.

From the European Community, French President Francois Mitterand is sending a personal representative, former Secretary of State for Foreign Affairs Jean-Noel de Lipkowski while Spain is dispatching Public Administration Minister Juan Manuel Eguiagaray. The Tokyo-based envoys of Greece and Portugal will be arriving but Germany, the United Kingdom, the Netherlands, Belgium and Denmark will be represented by their embassies here.

Sources said Chinese Foreign Minister Qian Qichen signified his intention to attend the inauguration but not before summoning envoy to Beijing Felipe Mabilangan and protesting the number of ranking Taiwanese officials who have been invited in their "unofficial" capacity.

Opposition Plans Protest Rally

HK2906082492 Hong Kong AFP in English 0757 GMT 29 June 92

[Excerpts] Manila, June 29 (AFP)—Former Japanese prime minister Toshiki Kaifu will lead foreign dignitaries at the inauguration of Philippine President Fidel Ramos, officials said here Monday.

Ramos, who takes over from President Corazon Aquino at noon Tuesday, has asked that the ceremony be a low-key affair, with no one higher than foreign minister invited to represent the country's allies. [passage omitted]

The turnover ceremony, budgeted at 250,000 dollars, will be held at the historic Rizal Park off Manila Bay.

Vice President Joseph Estrada, a popular actor and senator who ran on an opposition ticket, will also be sworn in at the ceremony.

Meanwhile, the left-wing opposition group Bayan said it will hold a protest rally near the inaugural site followed by a march on the presidential palace as soon as Ramos is proclaimed.

Bayan said it will call on Ramos to scrap his plans to reopen talks with the United States on possible access to former American bases in the country.

The Aquino government gave Washington until the end of the year to pull its troops out of Subic Naval Base after the Philippine Congress rejected a 10-year extension of their stay.

Ramos Gives Inaugural Address

HK3006062792 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 30 Jun 92

[Inaugural speech by President Fidel V. Ramos at the Quirino Grandstand, Luneta Park, Manila—live in English; italicized passages in Tagalog]

[Text] Former President Corazon C. Aquino, former President and Mrs. Macapagal, former Vice President and Mrs. Salvador Laurel, Vice President and Mrs. Joseph Estrada, Chief Justice and Mrs. Narvasa, the honorable members of the Senate and the House of Representatives, the distinguished heads of delegations and members of their parties, your excellencies in the diplomatic corps, fellow workers in government, ladies and gentlemen *my dear countrymen:*

In the last 94 years, 11 Filipino leaders have stood and become part of these ceremonies of our democracy, which signifies our esteemed republic's purposeful continuity and a new beginning. This noble occasion and the induction of the president of the country is our link between history and the future.

The courage and integrity of former President Corazon C. Aquino is the reason for the reincarnation of democracy and freedom in our country. And this has been successfuly defended from rebels of our society. Because of former President Aquino, democracy has become a a strong shield against tyrants. [chanting of "Cory, Cory"]

Over the last 94 years, 11 Filipino leaders before me have enacted this ceremony of democratic transition which signifies for our republic both continuity and a new beginning. This consecration of the presidency binds us to the past, just as it turns our hopes to the future.

My courageous predecessor, former President Corazon C. Aquino, restored our civil liberties and then defended them tenaciously against repeated assaults from putschists and insurgents. She has made our democracy a fortress against tyrants. Now we must use it to enable our people to take control of their lives, their livelihood, and their future. To this work of empowering the people, not only in their political rights but also in their economic opportunities, I dedicate my presidency. [applause, chanting of "Eddie, Eddie"]

I see three stirring elements in the message of our people in the elections.

First, they spoke out against the old politics. They declared their resolve to be led along new paths and directions, towards the nation we long for—a nation peaceful, prosperous and just.

Second, they reaffirmed their adherence to the secular ideals of church and state separate but collaborating, co-existent but each supreme in its own domain. In this spirit, I see myself not as the first Protestant to become president, but the 12th Filipino president who happens to be a Protestant [applause], but as a 12th Filipino president who happens to be a Protestant [as heard] and who must be president of Muslims, Christians, and people of all faiths who constitute our national community. [applause]

Third, our people spoke of their faith that we Filipinos can be greater than the sum of all of the problems that confront us. That we can climb higher than any summit we have already scaled.

We cannot but interpret the vote as a summons for us to unite and face the future together. The people are looking not for scapegoats to blame but for basic things to get done and get done quickly. [applause]

Let us begin by telling ourselves the truth. Our nation is in trouble and there is no easy answer, no easy fixes for our basic ills. Once we were the school of Southeast Asia; today our neighbors have one by one passed us by.

And what is to be done? There are no easy tasks nor soft comforts for those chosen by circumstances to forge from the crucible of crisis the national destiny. We must make hard decisions. We shall have to resort to remedies close to surgery to swift and decisive reform. [sentence as heard]

First we must restore civic order, for without stability, businesses cannot run, workers cannot create wealth, liberty cannot flourish, and even individual lives will be (brutish) and precarious. Then we must make politics serve not the family, not the faction, nor the party, but the nation. [applause]

And we must restructure the entire regime of regulation and control that rewards people who do not produce at the expense of people who do, a system that enables persons with political influence to extract wealth without effort from the economy.

The immediate future will be difficult. In some areas, things could get worse before they get better. Sacrifices will be asked of every sector of society. But I am not daunted because crisis has a cleansing fire which can make heroes out of ordinary people and transform a plodding society into a tiger. [applause]

Foremost among our concerns must be to heal the wounds of the election campaign, and restore civility to political competition. For our people are weary of the intrigues and petty rivalries that have kept us down. I will continue to reach out to the groups and factions making up the political community. As early as possible, I will consult with the leaders of the Senate and the House of Representatives to work out the priorities of the legislative agenda. I will call on our mutinous soldiers and radical insurgents to give up their armed struggle. I will work with Congress in formulating an amnesty policy that will enable errant reformists to enter civil society. [applause]

When the time is opportune, I also intend to ask Congress to convene itself as a constituent assembly for the purpose of amending the Constitution. [applause]

Let us strive to make our political system fairer to all and more representative of the vastness and variety of our country. Let us all lay to rest our enmities and our conflicts and, this once, join together in the reform and renewal of our society. There are enough problems to engage us all and if we surmount them, there will be enough glory to share.

Next in our priorities is to nurse the economy back to health and propel it to growth. We must get the entire economy to generate productive employment, keeping in mind that for each citizen, a job means not merely material income but social usefulness and self-respect.

Hereto, we must begin with the basics—the social services that government must provide but has not, the foundations of economic health which should have been put up a long time ago but have not. We cannot dream of development when our homes and factories are in darkness, nor can we exhort enterprises to effort as long as government stands as a brake and not as a spur to progress.

Those farms and factories must be empowered to produce more and better. Deregulation and privatization shall set free our industries from the apron strings of the state. Dismantling protectionist barriers and providing correct incentives and support shall make our industry more efficient and more competitive, and our export the spearhead for economic revival and growth.

The last Congress has given us the law opening the economy to foreign investments. Our job is now to make that law come to life. [applause]

What we do for industry, we will supply in equal measure for agriculture, primarily because almost half of our workers still rely on it and equally because agriculture is the foundation for our industrial modernization.

In this effort, we need a more realistic agrarian reform law, which we can fully implement for the empowerment of our farmers. [applause] Keeping productivity and effective land use uppermost in our minds, let us set clear targets and let us do what is practicable.

Let us be firm about the paramount object of our labors. It is to uproot this poverty that grips our land and blights the life of so many among our people.

I have asked Mang Pandoy [popular term for common citizen] and his family to be my guests in this inaugural ceremony. [applause] I have asked Mang Pandoy and his family as proof of my resolve to obtain for families like theirs all over the country the humanities of life.

Poverty we must learn to regard as another form of tyranny and we must wage against it the moral equivalent of war.

In this work of expanding the life choices of the poorest among us, my government will work hand in hand with nongovernment organizations and people's organizations. [applause]

Throughout the campaign, I heard it said over and over that our national decline derives not from any flaw in the national character or any failing of the individual Filipino, but from government's historic failure to lead. You cannot deny the logic of that verdict, for when the system, rules and conditions are fair and sound, we Filipinos have [word indistinct] sometimes to the astonishment of the world.

My administration will prove that government is not unavoidably corrupt and that bureaucracy is not necessarily ineffective. [applause]

Graft and corruption we will confront more with action and results than with words. [applause]

We will go after both the bribe-takers and the bribegivers. The bigger the target the greater will be the government efforts. [applause]

We will prove that effective and efficient government is possible in this country, not just in national administration but in the governing of our local community.

The road to development is by now much traveled. The Filipinos have lacked not the way, but the will. This political will my presidency will provide. [applause]

In foreign relations, we can strive to strengthen ties with old friends and trading partners. And we shall endeavour to develop new friendships. My government begins its term in a world transformed. The tide of freedom rising everywhere should help along in our effort to make democracy work here at home. By the gift of Providence, our archipelago is strategically located in the critical sea lanes of Asia and the Pacific. This geopolitical path shapes our relations with the world in terms of responsibility for the attainment of peace and stability in our region and the recognition of opportunity in our quest for development. Diplomacy for development will be our central foreign policy thrust. [applause] While residual political, military dangers may linger in the region, securing continued access to markets and technology must become Southeast Asia's primary concern. This we will pursue in concert with our regional partners and neighbors.

Can we accomplish all we need to do within six years?

Yes, we can. We can lay the ground for self-sustaining growth and more. But we can win the future only if we are united in purpose and will.

The Filipino state has historically required extraordinarily little of its citizens. As individuals, we Filipinos acknowledge the obligation to the national community; yet, if we are to develop, citizenship must begin to count more than ties of blood and kinship. Only with civic commitment does development become possible in a democratic society. Certainly, there can be no more tolerance of tax evasion, smuggling, and organized crime, no matter how highly placed those who commit it. [applause] Nor can we continue to turn a blind eye to the social cost of unbridled profit. The loss of our forests, the desiccation of our soil, the drying up of our water resources and the pollution of our cities; these are the public consequences of private irresponsibility. We must stop the disproportionate use and abuse of our natural resources, which are ours only in trust for those who will come after us.

Some of us think that empowerment means solely the access of every citizen to rights and opportunities; I believe there is more to this democratic idea. Our ideology of Christian democracy, no less than its Muslim counterpart, tells us that power must flow to our neighborhood, our communities, our groups, our sectors, and our institutions; for it is by collective actions that we will realize the highest of our hopes and dreams.

During my term, we will be celebrating the centennial of our national revolution. Those shining years between 1896 and 1898 delivered the beacon of freedom for the whole of colonial Asia.

Generations of our heroes, from Sultan Kudarat to Jose Rizal, speak to us across history of the strength that unity can confer on any people. Yet we Filipinos have always found unity difficult even in the face of our crisis of survival. We were conquered by colonizers because we did not know our own strength.

Today, in the midst of our trials, we must learn how strong we can be if only we stand together. This nation, which is the collective sum of our individual aspirations, cannot remain divided by distrust and suspicion. Either we rise together above our self-centered bickering and factional quarrels, or we fall into the pit we have dug for one another.

In 1890, Rizal, envisioning the Philippines a century hence, regarded as inevitable, as dictated by the state, the advancement and ethical progress of the Philippines. We who are closest to that time have a more diminished sense of our possibilities.

If we want Rizal's dream of greater justice and greater liberty to come true, we must do as he prescribes—abandon division, embrace unity. Let us embrace unity and let us once more restore the spirit of our nation. As Rizal foresaw, now is the time to tell ourselves that if we want to recover, if we want to develop, we should act with self-initiative. In doing so, Rizal said, we should do it with the whole light of our intellect and with every beat of our hearts.

I have served the nation longest as a Filipino citizen-soldier. Maybe this is the reason why I lack the luster of an orator if compared to the past presidents of our nation. However, I am one with them in their vision and aspirations.

This nation will succeed. [applause] This nation will prevail. This nation will progress once more only if we become united.

Before lies the trial and the challenge. Let us face it together in unity. Let us not lose faith, because we shall not fail. Our goals, our aspirations are just. This assures us the guidance of our forefathers' gods.

If we are to attain what Rizal wished for his posterity—more law and greater liberty, we must do as he prescribes. We must stifle our dissensions and summon once more the spirit of this nation. As Rizal foresaw, the time has come to tell ourselves that we, if we wish to be saved, must redeem ourselves. And it is in this work of self-redemption we must expend the whole light of our intellect and all the fervor of our hearts.

For most of my public life, I have been mainly a citizen-soldier, wanting in eloquence compared to those who have preceded me in this rise of democratic transition. But I share their vision of what our nation can become. Our nation will endure. This nation will prevail, and this nation will prosper again because we will hold it together.

Before us lies the challenge. Come then, let us meet it together. [applause] There is so much for us to do; let us not falter. With so little time left in our hands, we cannot afford to fail. And with God's blessing for all just causes, let us make common cause to win the future.

Long live the Filipino nation. [applause] Long live the Republic of the Philippines. [applause] Long live us all. Thank you all very much.

Ramos Makes More Cabinet Appointments

HK2906111692 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 29 Jun 92

[Text] Incoming President Fidel Ramos appointed other cabinet members and government officials today. The latest appointees are Peter Garrucho, acting executive secretary and concurrently presidential adviser on energy affairs; Franklin Drilon, justice secretary; Ramos del Rosario, finance secretary; Renato de Villa, national defense; Rizalino Navarro, trade and industry; Ernesto Galinao, agrarian reform; Rafael Alunan III, interior and local government department; Cielito Avito, National Economic Development Authority director general; and Jose de Jesus, public works and highways secretary.

President Ramos is still studying other recommendees for other government agencies. Strength-National Union of Christian Democrats spokesman Rafael Alunan read the additional cabinet members' names and heads of other government agencies who will serve in an acting capacity.

[Begin recording in English] [Alunan] For the following departments I am still in the process of assessing the various recommendees to head them. I am, therefore, appointing the following in an acting capacity: Maria Nieves Confessor, acting secretary for the Department of Labor and Employment; Victor Ramos, acting secretary, Department of Environment and Natural Resources; Narzalina Lim, acting secretary, Department of Tourism; Salvador Enriquez II, acting secretary, Department of Budget and Management; Ricardo Gloria, acting secretary, Department of Science and Technology; Corazon de Leon, acting secretary, Department of Social Welfare and Development.

In addition, I am announcing the following appointments: Attorney Magtanggol Gunigundo, chairman Presidential Commission on Good Government; Jose Almonte, director general, National Security Council and presidential security adviser; Jose Ong, commissioner, Bureau of Internal Revenue; Eduardo G. Montenegro, acting solicitor general; Teofilo Asuncion, acting administrator, Metropolitan Waterworks and Sewerage System. [end recording]

Ramos To Continue Aquino's Economic Policies

HK3006025492 Quezon City MALAYA in English 30 Jun 92 p 17

[By Lou Palpal-Latoc]

[Text] President-elect Fidel V. Ramos will continue with the Economic Stabilization Program [ESP] started by the Aquino government.

This was disclosed yesterday by International Monetary Fund [IMF] representative Christopher Browne in a conference with newsmen.

Browne said that Ramos, who will officially assume power today, has also pledged to honor all the country's foreign debt, including the tainted ones incurred during the Marcos administration.

"We (IMF officials) are very pleased with Ramos' commitment to continue the Economic Stabilization Program because it will ensure a smooth transition from the Aquino government to the next administration," he said.

Browne, however, clarified that the second review of the Philippines' economic performance for the year will not be completed unless the IMF team meets with the new economic planners of the Ramos administration.

"We want the new economic team of President Ramos to have a say in the economic program before we conclude the review," the IMF official said.

Among the IMF officials present during the meeting with Ramos last week include Kunio Saito, IMF director for Southeast Asia and Pacific Affairs, and Bruce Smith, head of the IMF mission sent to the Philippines.

Browne said that the continuation of the Aquino government's economic program until it expires in December, will attract foreign investors to come to the country.

The ESP will help ensure that inflation rate will be within a single-digit level and also contain interest rates at a low level.

The program also requires the government to cut its expenditures and reduce subsidy to government-owned and controlled corporations in order to reduce the consolidated public sector deficit which is expected to reach P37.6 billion [Philippine pesos] this year.

With the influex of investments in the second semester Browne expressed optimism that the economy will meet the programmed growth rate from two to three percent this year.

"Of course, achieving the target growth rate will be very difficult with the continuous brownouts but the IMF is confident that the effects of the brownouts will be offset by the surge in investments during the first few days of the Ramos administration," he said.

Browne said Ramos has also vowed to improve the profitability of the state-owned National Power Corp. [NPC] and to cut off government subsidy to the power firm.

IMF officials have expressed their concern over the P5 billion subsidy given to NPC last year which bloated the consolidated public sector deficit to P20 billion.

"We're (IMF officials) not really asking for power rates' increase within the next few months. All we want is for NPC to improve its financial conditions by reducing its expenditures and improving its efficiency," Browne said.

Ramos' credibility in the international community will also improve with his plan to honor all the foreign debts amounting to $29 billion including those incurred by Marcos cronies.

Browne said the non-confrontational approach of Ramos towards the debt burden issue will facilitate the negotiation for new loans and grants in the future.

The IMF also wants the next administration to pass new revenue enhancement measures which were not approved by the previous Congress, especially the alien legalization program and the Simplified Net Income Tax System (SNITS).

The Ramos administration should also increase its spending in infrastructure especially on power in order to attract more investors, Browne said.

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Communist Chief Says Political Stability 'Remote'

HK2606113292 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 26 Jun 92

[Text] Jose Maria Sison, chairman of the Communist Party of the Philippines [CPP], said that the attainment of political stability is still a remote possibility, despite the coming of the Ramos administration, because of the policies it wants to implement. Sison said that with the incoming administration's agenda, it seems President-Elect Ramos only wants to pursue the policies implemented by the Marcos regime and the outgoing Aquino administration, despite the fact that these were never effective.

In an interview with DZRH, Sison said he does not see any solution which incoming President Fidel Ramos has for the country's present crisis. Sison stressed that if this is the case, more people will be joining the revolutionary movements.

Here is part of Jose Maria Sison's statement:

[Begin Sison recording] His position is so shallow and weak on the fundamental situation of our country. The crisis in our country continues to worsen. Ramos has no solution for this. His position is to carry on with the Marcos and Aquino policies and the policies which emanate from the imperialists, capitalists, and landlords. This will only result in more suffering for the Filipinos and will motivate the people to intensify their fight. [end recording]

Meanwhile, there is a possibility for CPP members to accept Congressman Jose de Venecia's proposal for the Ramos administration to grant an unconditional amnesty. In an interview with DZRH, Sison, who is in Utrecht, the Netherlands, said it is only right that an amnesty program should be unconditional for it to be acceptable to the leftist or rightist rebels. However, Sison stressed that if the Ramos administration is indeed genuine in its plan to grant an effective amnesty program, he should show goodwill measures by allowing detained rebels bail or withdrawing charges filed against them.

Here is Jose Maria Sison's statement from Utrecht, the Netherlands:

[Begin Sison recording] It is only right that an amnesty act is unconditional and has no humiliating terms. But I think that if Ramos really wants to show good heart or wants to initiate goodwill measures, he should instruct his men in the military establishment not to prevent bail or motions for bail or, better still, drop charges based on oppressive laws created during the Marcos and Aquino regimes. [end recording]

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Communist Rebels Reject Ramos Surrender Call

HK3006084392 Hong Kong AFP in English 0802 GMT 30 June 92

[Text] Manila, June 30 (AFP)—Communist guerrillas Tuesday rejected Philippine President Fidel Ramos' inauguration day call for them to surrender to gain amnesty, and vowed to step up their insurgency.

"There will be no surrender for the NDF forces," the outlawed National Democratic Front (NDF) said in a statement to news agencies here.

The insurgents said they were still prepared to enter into talks "even with a Ramos regime" provided these addressed the country's fundamental problems.

"But Ramos' long record and his own recent pronouncements hold out virtually no hope for such negotiations and for a modicum of accomplishment resulting from such talks," the statement added.

Retired general Ramos, 64, called on rightwing military rebels and communist insurgents during his inaugural speech Tuesday to "give up their armed struggle," pledging to work with congress "in fashioning an amnesty policy that will enable errant reformists to re-enter civil society.

The West Point graduate and career soldier is a longtime nemesis of the insurgents, having headed the paramilitary constabulary under the late dictator Ferdinand Marcos.

He later became military chief of staff then defense secretary under outgoing president Corazon Aquino. The NDF accuses him of sabotaging the Aquino government's failed negotiations with the insurgents during the 1986 Christmas season.

Aquino has claimed she has broken the back of the communist rebellion, and has rejected further rebel overtures for peace talks.

The NDF for the first time admitted that it was experiencing unspecified "difficulties," but added that "a bright future awaits the revolutionary Filipino people."

It said the insurgents were "within their sovereign right in intensifying their revolutionary struggles." The communist rebellion has dragged on for more than 20 years.

Warn of 'Dark Chapter' Under Ramos

HK3006020192 Manila PHILIPPINE DAILY INQUIRER in English 30 Jun 92 pp 1, 13

[Text] Communist rebels yesterday said the country is entering "another dark chapter" in its history under a president who has "learned the trade of terror" during his service to the late President Marcos.

In a statement sent to media offices, Frank Fernandez, secretary general of the communist-led National Democratic Front [NDF], said the ascension to the presidency of Fidel V. Ramos today would "open the floodgates of state violence" and worsen the country's problems.

Meanwhile, leftist organizations led by the Bagong Alyansang Makabayan [Bayan, New Nationalist Alliance] and the Partido ng Bayan [PNB, People's Party] called on the new administration to release all political prisoners as "a gesture of genuine national reconciliation and unity."

The release of all political prisoners is among the demands of the militant organizations for the first 100 days of the Ramos administration.

"Another dark chapter of the nation's history will come to pass under a new regime presided over by a man who has mastered the art of psychological warfare, treachery and repression," said Fernandez.

Fernandez warned of popular protests and demonstrations higher than those under the administration of President Aquino, who had campaigned for Ramos during the elections.

Fernandez said the wounds inflicted in the last elections would "further fuel splits within the dominant Ramos-Aquino clique and the secondary opposition."

He said the rejection of Ramos by the military's rank-and-file during the election was "an ominous signal of future destabilization moves" by the fractious military.

The NDF secretary general said the influx of foreign loans and investments may provide some illusion of economic recovery in the first 100 days of Ramos administration.

"But in semi-colonial and semi-feudal society where the economy is basically reliant on backward agriculture and import-dependent, the inherent chronic crisis will stun the country into paralysis," Fernandez said.

Fernandez also criticized Ramos for pursuing the pro-imperialist and anti-democratic policies of the past Aquino regime.

"Mang Pandoys [the masses] will merely be objects of past presidential debates and will continue to suffer from the squalor of poverty," Fernandez added.

"The worst," he said, "is yet to come."

The NDF is the umbrella organization of 14 underground organizations, including the Communist Party of the Philippines and the New People's Army [NPA].

Earlier, the NDF rejected Ramos' amnesty offer and warned that the insurgency war would intensify if the incoming administration ignored their call for "principled peace talks."

During the Aquino administration, the NDF proposed talks with the government on solving the 23-year insurgency. Ms. Aquino turned down the offer and insisted on conducting peace talks only with local rebel leaders.

The strength of the NPA is believed to have dropped from a peak of more than 23,000 four years ago to about 16,000 at present.

Today, leftist groups said they would welcome President-elect Ramos with a march-rally at the foot of the Don Chino Roces Bridge in Mendiola to coincide with the new president's first cabinet meeting at Malacanang.

"We will march to demand for relief and reform. We want the new government to engage in massive spending in undertaking social programs," Nathaniel Santiago, deputy secretary general of Bayan, told a news conference at the National Press Club.

Loretta Rosales, PNB president, said Ramos can only succeed his first 100 days in office if he heeds their "unsolicited advice."

"Achieving national unity and cooperation in the immediate future will take much more than publicized reconciliation bouts with defeated candidates and visible visits to media offices and personnel," Rosales said.

One thing that the new President should do is to release all political prisoners as such move "can nurture a more favorable climate that can ultimately pave the way for genuine peace talks addressing real economic and political issues."

Rosales said that such move will also help "expand his (Ramos') constituency" as she pointed out that Ramos enters the presidency with the "weakest mandate in the history of Philippine elections."

"We likewise call on the military hierarchy led by Gen. Lisandro Abadia to re-evaluate the total war policy and heed the people's clamor for an unconditional stop to the policy," she said.

She also asked Ramos to immediately reinstate the 300 dismissed public school teachers, particularly those who have been staging a hunger strike since April.

Rosales cited the need to address the country's power crisis, close down the Bataan Nuclear Power Plant and solve the garbage problem in Metro Manila.

Call Ramos 'Pro-Imperialist,' 'Puppet'

HK2906115492 Manila Manila Broadcasting Company DZRH in Tagalog 1100 GMT 29 Jun 92

[Text] A National Democratic Front [NDF] official has claimed there will be more incidents of violence and worsened crisis in the country under the incoming Ramos administration.

NDF Secretary General Frank Fernandez said the moment President-Elect Fidel V. Ramos begins his administration, the government will return to being a puppet of the U.S. Government and becomes subservient to the IMF and the World Bank. Fernandez said Ramos will use foreign loans and investments to try to save the country's plummeting economy, but this would only paralyze the Filipino nation. The NDF strongly believes Ramos will continue to implement the pro-imperialist and antidemocratic policies of the outgoing Aquino administration and added that the people empowerment program of the next president is only a front for his real programs.

Army Rebels Set Topics for Talks With Government

HK2706033792 Manila Far East Broadcasting Company in Tagalog 0100 GMT 27 Jun 92

[Text] The Revolutionary Nationalist Alliance [RAM] has called on the incoming administration to make a thorough study and response to issues comprising the eight points for discussion they earlier released.

The plea is enclosed in a letter to President-Elect Fidel Ramos through Gabriel Dimasupil, RAM spokesman.

The points RAM has brought up for discussion are electoral reforms to ensure clean elections; a dialogue for national unity; formation of a real and truthful government for national reform; immediate pullout of foreign military forces from the country; a full military ceremony when the remains of former President Marcos are returned; enforcement of a nationalistic economic development policy; carrying out of a social justice program to reply to problems of poverty, unemployment, and crime; and national security.

Bombs Exlode in Manila; No Injuries Reported

HK3006013492 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 29 Jun 92

[Text] Metro Manila was rocked by four separate explosions early this morning. The explosions occurred at three branches of a certain bank and at the Caloocan Light Rail Transit [LRT] station. Here is Gil Losontoc with the details:

[Begin recording] [Losontoc] The explosions occurred at three branches of Banco de Oro [BDO] and at the Caloocan LRT station. We were able to learn that three armored cars were gutted by fire at the Banco de Oro main office after two bombs exploded in the area. I was able to inspect the area and I could see that all their windows were shattered, debris was scattered everywhere, and office furniture was thrown all over the place.

BDO security guard Raul Tanson, who was inside the building when the explosions occurred, heard two explosions, and he and his two companions, Mamerto Ramos and a Mr. Tisa, failed to determine the source of the explosions because they were busy trying to put out the fire.

This is part of Mr. Tanson's statement:

[Tanson] It occurred a little after 0200 [1800 GMT].

[Losontoc] So what did you do after the explosion?

[Tanson] We went out on the other side. We saw our armored cars explode. The blast came from our armored cars.

[Losontoc] Did you hear a car speed away or did you see any men approach these armored cars before they exploded?

[Tanson] We did not see anything. We heard the explosion first before we went out.

[Losontoc] So among the things here, which were the ones that exploded?

[Tanson] Our armored cars.

[Losontoc] How many armored cars?

[Tanson] About three armored cars were destroyed.

[Losontoc] Any money missing?

[Tanson] None. Only our cars and our windows were destroyed.

[Losontoc] How many of you security guards responded to the blast?

[Tanson] We were four here at the time: one maintenance man and three security guards. We were the only ones on duty. Three of us are usually on evening duty.

[Losontoc] When the explosion occurred, were there no casualties reported? Were you injured?

[Tanson] None of us were injured.

[Losontoc] Was there shooting after the explosion?

[Tanson] None. There was just the explosion. There was no shooting. Only the vehicles exploded.

[Losontoc] How do you secure this place? Where were you at that time? Was there no one outside the premises?

[Tanson] The patrolling guard had just come in, and in less than an hour, the explosion occurred.

[Losontoc] So where were you exactly?

[Tanson] I was on the fourth floor at that time.

[Losontoc] That was the statement of BDO security guard Raul Tanson.

Meanwhile, another explosion occurred simultaneously at the BDO Gilmore Branch at E. Rodriguez Avenue, Quezon City. Also damaged were Obsession Salon and the Francisco Langod Clinic. I was able to interview a Carmelo Marcial, and he said the blast occurred at 0200, and he did not see anybody suspicious around the area.

Another explosion occurred earlier at 0145 [1745 GMT] at West Avenue, Cubao, Quezon City. I was able to interview security guard Rolando Villanueva. Although he was still a little shaken when I spoke to him and was not able to give a straight answer, he was able to give me the time of the explosion. He said that when the explosion occurred, he immediately hid himself, expecting armed men to come in. He also said that he was instructed by the bank's management not to make any comment while the investigation into the explosion is being conducted.

With regard to the fourth explosion at the Caloocan LRT 5th Avenue station, I was able to interview Special Police Officer 1 Rio Gutacillo of Caloocan Police Precinct 3. He said that only the metal railings, the lights and the cement beams of the station were damaged by the blast.

The police are still uncertain as to the kind of bombs used in the four blasts. They also do not have any suspects and no bomb threats were earlier sent to the aforementioned establishments. Both the Caloocan and the Quezon City police are still investigating the matter. The police have also refused to make any comment on whether the bombings could be tied in with Ramos' inauguration. [end recording]

Police Blame Army Rebels

HK3006102992 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 30 Jun 92

[By Francis Calado]

[Text] The Philippine National Police [PNP] has blamed the ultrarightist rebels for the series of bombings on Banco de Oro branches and the government-owned Light Rail Transit [LRT] at dawn today.

Chief Superintendent Wilfredo Riututar, PNP operations chief, said the bombers used the military-type G4 plastic bombs favored by the rebel soldiers.

In a report to PNP Chief Cesar Nazareno, Riututar said the bombings caused extensive damage to Banco de Oro branches on the corner of West Avenue and Examiner Street in Barangay West Triangle, on the corner of Eulogio Rodriguez Avenue and Gilmore Street in New Manila, and the corner of Aurora Boulevard and Yale Street in Cubao, and the LRT station on Fifth Avenue in Grace Park, Caloocan City.

Riututar added that another bombing attempt was made on the corner of Morayta Street and Recto Avenue in the University Belt of Manila. Twenty sticks of dynamite were found beside the main door of the bank's branch at 0700.

The report added that a group within the Nationalist Revolutionary Alliance [RAM], led by Colonel Billy Bibit, was planning to bomb the inauguration of President Ramos, but it was learned that this plan did not have the RAM leadership's approval.

Reductions in Assistance From U.S. Criticized

HK2906065392 Quezon City MALAYA in English 28 Jun 92 p 4

[Editorial: "U.S. Backlash"]

[Text] The U.S. Government seems to be very good and relentless at nursing a grudge. As its official representative to Fidel Ramos' inauguration, it is sending the director of the Peace Corps, which is truly underwhelming. And the U.S. House of Representatives has just reduced the U.S. contribution to the Philippine Assistance Program (PAP) to $40-million.

The PAP originally called for U.S. contributions of $200-million annually. But for this year, the Bush administration cut the amount to $78.5-million. Now even this has been slashed by the House by almost one-half, to $40-million.

Other U.S. aid programs for the Philippines have also been severely reduced. Military aid is down to $72.4-million, development assistance to $34.3-million and food aid, $78.5-million.

Most reports out of Washington seem to agree that these slashes are reprisal for the Philippine Senate's refusal to extend the life of the US bases in this country. But they may have happened just the same, even if the bases had been retained, due to the unhealthy state of the U.S. economy. One American congressman said he didn't want to go home to his constituents and tell them he had just voted billions of dollars for foreign countries "when we have unmet needs here at home."

It is possible that the reductions in U.S. aid will revive the outcry against the senators who voted for rejection of the bases treaty. Surely they are ready for it. They have known better than most that American reprisals were always a possibility. But this did not deter them from standing by their convictions and fulfilling their higher duty of respecting the Constitution and restoring the republic's sovereignty and dignity.

By slashing their aid programs for the Philippines as a result of the bases' termination, the Americans have conclusively proven what most thoughtful Filipinos have always said—that one was tied by a lot of strings to the other. Altruism was never a factor. In the long run, it will be best for the country if American assistance finally ceases completely. The Filipinos will have to learn how to live by their own wits and get on through their own talents, industry and determination. And about time, too. We have been a mendicant country, with no shame and no pride, for too long.

The worst thing President Ramos can do would be to beg the Americans to reconsider their aid reductions. If he should have to say anything at all, he should tell them they can do as they wish, and we couldn't care less. The problems of the Philippines won't be solved in the United States and/or by the Americans. They can only be solved right here in this country, and by the Filipinos themselves.

Through hard work, above all. Sariling sikap [self-reliance].

Thailand

Royal Decree Dissolves House of Representatives

BK3006004392 Bangkok Radio Thailand Network in Thai 0005 GMT 30 Jun 92

[Royal decree on dissolution of the House of Representatives—dated 29 June 1992]

[Text] Royal Signature: Phumiphon Adunyadet, rex, given on 29 June 1992, the 47th year of the present reign—

His Majesty the King Phumiphon has ordered that it be announced that whereas the prime minister has reported to him that in connection with the House speaker's report to the king on 10 June for a royal appointment of the prime minister for formation of an interim cabinet while the country is facing a political crisis so that the parliamentary system and the Constitution can be used to return the power to make political decisions to the people in order to allow the country's democratic administration system to be continuously and fully developed, it is appropriate to dissolve this House of Representatives and organize a new general election.

By virtue of Articles 112 and 175 of the Constitution of the Kingdom of Thailand, His Majesty the King has graciously issued the following decree:

Article 1: This Royal Decree shall be called: The Royal Decree on the dissolution of the House of Representatives B.E. [Buddhist Era] 2535 [1992].

Article 2: This Royal Decree shall become effective from the date it is announced in the Royal Gazette.

Article 3: The House of Representatives shall be dissolved to pave the way for the election of members of the House of Representatives.

Article 4: Members of the House of Representatives shall be chosen in a general election on 13 September 1992.

Article 5: The interior minister shall execute this royal decree.

Countersigned: Anan Panyarachun, prime minister

PM's Office Explains Action

BK3006032592 Bangkok Radio Thailand Network in Thai 0010 GMT 30 Jun 92

[Statement from the Prime Minister's Office on the dissolution of the House of Representatives, the upcoming general election, and the process concerning the constitutional amendments—dated 30 June]

[Text] Whereas the royal decree on dissolving the House of Representatives has been announced today thereby terminating the status of the members of the House of Representatives, the government would like to explain to the public the reasons for the action and the measures to be taken in the future as follows:

1. The dissolution of the House of Representatives is a normal movement in the parliamentary democratic system and has been done in several countries. When there are conflicts or political problems that make it difficult to sound out the public on what measures should be taken to meet the real needs of the people, the method of final resort has always been to dissolve the House of Representatives and organize a new general election, or as it has been called, return the sovereign power to the people. The Constitution of Thailand accepts this method and it has been used several times.

2. The dissolution of the House of Representatives was required after the House speaker reported to His Majesty the King on 10 June 1992 to secure a royal appointment for the prime minister in order to form an interim government to administer national affairs for a limited period to solve the problems, improve the country's situation, and to return the power to make political decisions to the people. As a result, the government issued the royal decree dissolving the House of Representatives after it had presented the policy statement to the National Assembly and begun its administration of national affairs.

3. Regarding the upcoming general election scheduled for Sunday, 13 September 1992 for the election of 360 members of the House of Representatives, the government has told the National Assembly that it will organize and oversee the general election so that it will be held smoothly, cleanly, and fairly. The government will remain strictly neutral in politics and will not give any person preferential treatment.

Regarding the improvement of the election law, the government has listened to the opinions of politicians, academics, and the mass media that the election law should be amended to minimize irregularities in the next election. However, this is an important matter and there is not enough time during this parliamentary session to amend the law unless all members of the House of Representatives can reach a compromise and submit a single draft amendment. The government had asked for the opinions of the political parties by holding a meeting with the party leaders which was coordinated by the house speaker. Several party leaders said that amendments cannot be made by this parliamentary session and they were unsure whether the members could reach agreement on all the amendments. Therefore, the move to amend the election law must be halted. The government, however, is willing to support studies or the expression of public opinion in this regard for use as guidelines in the future.

4. Regarding the four draft amendments to the Constitution of the Kingdom of Thailand, which were approved by the National Assembly on 10 June 1992, the government has presented the first three draft amendments to His Majesty the King. The three amendments will make the House speaker the parliament president, not limit issues to be debated by the House of Representatives and the Senate during the annual second parliamentary session, and reduce the power of the Senate in line with the democratic system. His Majesty the King has signed these three draft amendments and the government has published them in the Royal Gazette.

The presentation of the fourth draft amendment, which requires that the prime minister be a member of the House of Representatives, has to be delayed because of a legal point on whether or not the prime minister and his cabinet can remain in office when the amendment is promulgated. The government is currently entertaining the opinions of legal and political experts and people who have experience in politics and administrations regarding this point. The government would like to reaffirm that it has no ambition for power nor any intention to delay the announcement of this draft amendment while undergoing this process. It is merely carefully considering the issue so that it will not affect the administration of national affairs and the establishment of this interim government. The government, however, must present this draft amendment to the king within 30 days from the date on which it received the draft from the Secretariat of the National Assembly; that was on 10 June so the draft must be presented by 10 July 1992. In presenting the fourth draft amendment to His Majesty the King for royal consideration, the government will explain to the king in detail the reasons for the delay and the legal issues as well as the opinions of all sides concerned.

The public is hereby informed.

Announced by: The Prime Minister's Office
Dated: 30 June 1992

House Approves Abolishment of Peacekeeping Act

BK2906145192 Bangkok Radio Thailand Network in Thai 1200 GMT 29 Jun 92

[Text] The 10th meeting of the first ordinary session of the House of Representatives was held this morning, chaired by Deputy House President Chaowat Sutlapha. The meeting deliberated the summary of the report on the investigation of the political unrest during 17-20 May. Det Bunlong, chairman of the Investigation Commission, presented the summary, which was followed by debates by the attending members. The members suggested that the cause of the unrest was distortion of information and that the commission should find measures to prevent such an incident in the future, not just make an investigation. It was also suggested that a law should be enacted to prevent soldiers from riot suppression and set sites to be used for demonstrations and that political struggle should be waged in parliament.

The commission chairman explained to the meeting that the commission's duty was merely to investigate, not to set any regulations. Most of those who were asked to give statements before the commission have cooperated, only Armed Forces commanders have declined to appear. The chairman ordered a break at 1230.

At 1310, the meeting resumed to consider abolishment of the Internal Peacekeeping Director Act. The meeting unanimously approved abolishment of the act in three successive readings at 1555. The draft proposed by Den Tomina, a Democrat, was used as the basis for the debate.

Anan, Others Speak on Democracy, Military

BK2906114392

[Editorial Report] Bangkok Television Channel 11 in Thai at 0730 GMT on 28 June carries a two-hour program entitled "Different Perspectives," marking the 60th anniversary of Thai parliament, broadcast live from the parliament building. The program, held in a question-answer format, has Dr. Choemsak Pinthong as moderator with the participation of Prime Minister Anan Panyarachun and former House Presidents Chuan Likphai, who is the current Democrat Party leader; Uthai Phimchaichon, the current secretary general of the Solidarity Party; Buntheng Thongsawat, the Samakkhi Tham Party advisory chairman; and Prasit Kanchanawat, a current Bangkok Bank Limited executive.

The event is held in the parliament meeting hall and the general public is in the audience.

One of those in attendance posed the question of whether after 60 years in existence the Thai parliamentary system is sufficiently mature and why was the parliament frequently toppled. Prime Minister Anan says "I have to say that although the Thai democratic system—the Thai parliamentary system—is 60 years old, it is still immature. A cause is that in society, if a change is imposed by the higher echelon on the lower echelon the foundation would not be strong. In the United States or England, there was a demand from the people for democracy. People there oganized it and played a part in drafting the Constitution." He adds: "In our country, there have been over 10 different Constitutions, but most of them were written by the people in power, such as civilian authorities, military authorities, legal specialists, or technocrats. They were not really aware of what the people at the grassroots level wanted. Therefore, once the foundation is weak, complications arise."

On the same question, House President Athit says "I have high hopes for democracy. Sixty years of democracy in Thailand is comparable to 20 years of human life. At 20, man begins to come of age, to learn, and become adult, growing up in the right direction."

Democrat Party leader Chuan says democracy evolves with time. "But evolution of democracy in Thailand did not take place during the whole 60 years, there were several interruptions. Only one-third of the 60 years were available for democratic evolution. The reason for this interruption is that our system is not strong enough. A factor for this lack of strength is nonacceptance by power holders." He says another problem is that people view politicians in a negative way because they expect too much of politicians. These problems lower the parliament's immunity and make it susceptible to complications from outside influence.

Buntheng says 60 years of democracy in Thailand is a very long time. "If the providers of democracy—the military and civilian officials who staged the change in the administrative system—were honest in their intention and did not try to impede the democratic process, democracy will have evolved a long way." He says members of parliament are the foundation of the democratic system. But election to the House of Representatives has evolved to vote buying, which distances the House further from democracy. He adds: "The topple of democracy and ensuing bloodshed last month was caused by vote buying. We must think about it thoroughly. Our democratic system is very backward, certainly not befitting 60 years of existence." Asked to confirm his belief that the recent bloodshed was the result of vote buying, not the position of the five government coalition parties, Buntheng said he believed that most MP's bought votes. He insists that he is pessimistic about an effective solution to vote buying in the next election, adding he is not blaming the government. "Once votes are bought, the MP's who have money control power and votes in parliament. They then compete to take over cabinet posts and ministries which provide them with a chance to amass a fortune. As long as this continues, there is no way that democracy will ever take firm root. There is no need to blame the military or anyone else."

Prasit points out there have been continued lack of efforts to educate people about ways to achieve democracy. Uthai says he is proud of the evolution of democracy, citing as an example that the number of political parties have reduced from 50 to 11 and MP's are obedient to party instructions.

On the question of what should people do if faced with another armed suppression as was the case during the May incident, Uthai says many people have learned that "it is useless to fight the armed soldiers, instead they should take the fight to the people who ordered the shooting and their families." He says he agrees with this kind of thinking, adding: "I hope that the 17 May incident will be the last struggle by the power craving people. But peaceful street demonstrations for legitimate causes should continue to be the right thing to do. One should not think that once we have a parliament, outside parliament political activities should be discouraged."

Athit says: "The May incident should not be allowed to happen again. It occurred because of the backward decisionmaking process of the power holders—backwardness on the part of the order makers and backwardness on the part of the government at the time." He points out that it is wrong for the internal peacekeeping mechanism to be independent from the government and that this should be reversed.

Chuan says laws are being repealed to prevent the Defense Ministry from exercising internal peacekeeping action without having to seek prior approval of the cabinet.

Anan says: "I believe the May incident brought sorrow to every sector of Thai society. The system has to be blamed. During the past 60 years there have been no efforts to give the government the power to control and oversee the Armed Forces. In practice, it is common knowledge that in 40 of the past 60 years we could not differentiate between who was the government and who was the Armed Forces commanders because the officials concerned wore two hats. At times, the military officers who held simultaneous cabinet seats forgot that they should sit in their cabinet seats as civilians in order to oversee the Armed Forces. In any event, I think we should come up with legal or administrative measures to convince the people that from now on the government will not be regarded as a military government or a pro-military government, but as a government which is responsible to the parliament and the people, and a government which in order to benefit society is necessary to have the authority to control and oversee the Armed Forces and their entire structure. I am relatively confident that the lesson we learned in May was painful to every Thai citizen. I am certain that the Armed Forces are fully aware of the people's feelings regarding the incident. I am certain that the mistake which occurred, intentional or not, has created significant psychological repercussions on certain members of the Armed Forces and the military as an institution. I am certain that they have learned that in 1992—when the rest of the world has changed to listen to the voice of the people to open up the system, be it political, economic, or other systems—the current of the people's thinking must be listened to. I am relatively confident that at present no soldiers think of seizing power or staging a coup again. Soldiers have children studying in universities or working in various occupations as members of the middle class. Many of these children participated in the demonstration at Sanam Luang and elsewhere. The May incident has begun to cause division among family members. I feel that this is a good sign. From now on we cannot regard the view of people in our generation as supreme. We must listen to others as well.

"I am relatively certain that the Armed Forces are ready to readjust their structure in order to reduce their role. But my government will have only four months in power. In the short term, I have asked the defense minister to quickly draft a plan to make the forces which concern themselves with crowd control or riots efficient and complete in terms of personnel and protective equipment. If this is successful, we will do everything possible to come up with measures to absolutely prevent use of soldiers from Bangkok or upcountry units to deal with peaceful and unarmed demonstrations. We will use police forces only. Such forces will not be armed and will not use real bullets. They may use horses, dogs, or tear gas as is the case in other countries. Violence will not occur if we prevent a confrontation between soldiers and the people.

"Next, I have asked the defense minister to look into the necessity of maintaining the so-called Capital Security Command or whatever in the present time. Meanwhile, I wish to see that the Armed Forces organizations or establishments which were necessary in the past but are no longer necessary in the present be dissolved or altered in some way. I hope that the defense and the interior ministers will be able to submit their plans on this to me in two weeks. The most important thing is that we will no longer see a confrontation between people and the Armed Forces. I am certain that no Thai people want to see such a confrontation again. I believe the Armed Forces feel the same way. It is easy to seize power, but I am certain that most of the soldiers know that it is difficult to rule and administer the country afterward. On this occasion, I say for the second time that if there should be another coup, you should not give any cooperation." To the question of what he might do if there is another coup, Anan answers: "I will not accept another premiership and will not lend any kind of cooperation."

On the question of whether it is a good idea for businessmen to give financial support to MP's, fund political parties, or join the political process, Anan says businessmen knowledgeable in administration and management can help MP's and political parties. He says: "If businessmen group together to help and participate in the political process with honest intentions and with no selfish interests, I would praise them. But their entry into the process must be achieved fairly. I have been a businessman for 14 years. I say frankly that not all businessmen are clean; every sector has good and bad people. It is wrong to think that all businessmen will bring good ethics and morals to the political sector. Many businessmen have ulterior motives and a few do not care for national interests."

Banchop Calls for Restructuring Armed Forces

BK2706015992 Bangkok THE NATION in English 27 Jun 92 pp A1-A2

[Text] Defence Minister Gen Banchop Bunnak said yesterday the Armed Forces' role must be restructured and eventually depoliticized to suit the changing international and domestic conditions.

He also commented that the 1976 Internal Peacekeeping Command Director Act which allows the military absolute power to deal with unrests should be either reformed or scrapped.

A committee will soon be set up to study the issue and recommend action, the minister said.

Banchop, speaking after presiding over a Defence Council closed-door meeting yesterday, said the military had to be restructured in a fashion similar to the armed forces of other countries that have witnessed political, economic and social changes.

"In many countries, the military strength was reduced and military barracks' locations were re-considered.

"We also have to restructure our armed forces to correspond with the prevailing situation," said Banchop.

He insisted that the military has to improve its image by initially instilling "good ideologies" into military personnel and re-adjust their world view on politics, economics and society so as to create mutual understanding among the Thai people.

This is to preserve the honour of the military, he added.

Asked whether the military should reduce its role in politics, Banchop said: "Soldiers should be soldiers... the political role [of the armed forces] should be reduced gradually until it is finally divorced from politics."

Gen Banchop said the 1976 Internal Peacekeeping Command Director Act should exist under a specific political situation.

However, once the situation changes it should be reformed, he added.

The act, promulgated in the wake of the 1976 coup, authorizes the prime minister to appoint the supreme commander as director of the Internal Peacekeeping Command with absolute powers to mobilize all units of the armed forces, the Police Department and all government agencies to handle incidents deemed to be unrest.

Meanwhile, Prime Minister Anan Panyarachun said he would consider a call for him to scrap a standing executive order which makes any supreme commander director of the internal peacekeeping command ex-officio under the Internal Peacekeeping Command Director Act.

Such a move will lead to dissolving the Capital Security Command which has been operating on a regular basis under the umbrella of the Internal Peacekeeping Command.

The PM's order has been standing since it was issued in 1976 by former prime minister Thanin Kraiwichian following the promulgation of the Internal Peacekeeping Command Director Act.

Scrapping the executive order would make it more difficult for the military to come out and use force against unrest under the cover of legal protection unless a future prime minister appoints the supreme commander to the powerful post.

Military leaders cited the legal protection for their bloody operations to disperse pro-democracy demonstrators from May 17 to 20.

Supreme Commander ACM [Air Chief Marshal] Kaset Rotchananin was accused of being responsible for the bloody suppression of the pro-democracy demonstrations, which left scores of people dead or injured last month.

The Capital Security Command, under the jurisdiction of Army Chief Gen Itsaraphong Nunphakdi, was also charged with responsibility for the massacre.

Banchop indicated for the first time since he became Defence Minister, with one of his tasks being restructuring the armed forces, that he plans to form a committee to consider the 1976 Internal Peacekeeping Command Director Act.

He said that the committee members would be drawn mainly from senior officers of the Supreme Command, the Defence Ministry and the Judge Advocate General's Department.

According to Banchop, the committee will be established as soon as possible to report the outcome of its deliberations to Prime Minister Anan Panyarachun.

Asked about his policy on the ministry's fact-finding committee chaired by Deputy Secretary-General for Defence Gen Phichit Kunlawanit, Banchop said that the committee chairman was responsible for it.

The fact-finding committee held its first meeting yesterday but what has transpired was not available at press time.

Banchop, asked about the time-limit for the committee to complete its work, said that it was quite close to the one set for the government and Parliament fact finding committees, which is about two months.

On the question of whether there would be some problems if the powerful armed forces were "touched," Banchop said: "They can be touched."

Views May Investigation, Election

BK2906090392 Bangkok Radio Thailand Network in Thai 0530 GMT 29 Jun 92

[Text] Speaking to reporters during an interview at Government House, Defense Minister General Banchop Bunnak said no discussion had been made about the transfer of military leaders. He said that investigation by the fact-finding committee is still under way concerning military operations during the 17-20 May events. He said he would try to speed up investigation by the defense committee in order to keep pace with the investigation by the government-appointed committee.

Asked about the move to dissolve the Capital Security Command, the defense minister said that no study had been made to that effect. Concerning the military attitude towards the coming election, the defense minister said he would stress to units in the Defense Ministry to be neutral and to support the election. Families of soldiers would be urged to exercise their voting rights. Asked if there had been any plan to relocate military installations out of Bangkok, he said no discussion had been made to that effect. The minister however noted relocation of military installations from cities in the United States and said Thailand must study what should be proper for it too.

Spokesman Says Military Amenable to Change

BK3006022592 Bangkok BANGKOK POST in English 30 Jun 92 p 1

[Text] The military is ready to cooperate with the Government's plan to restructure the Armed Forces, Lt-Gen Anuson Kritsanaserani, director of the Armed Forces Information Office, said yesterday.

"Whatever the Premier says, we will support him," the Armed Forces spokesman said when asked to comment on Prime Minister Anan Panyarachun's remark that people should not support the military if it stages another coup.

Asked whether that meant that coups staged in the past were wrong, Lt-Gen Anuson said he would rather not talk about the issue at a time when the country needs reconciliation.

"It's no use talking about the past," he said.

Regarding the proposed military trim-down, especially units which are obsolete or no longer necessary, Lt-Gen Anuson said the Armed Forces will cooperate with the Defence Ministry by sending officers to explain which units should be retained and which could be disbanded.

But he refused to cite which or what types of units, in his opinion, were fit for disband, saying the whole exercise was more a matter of principle and the details mattered little.

"The principle is that we are supporting the Government policy and the Defence Ministry," Lt-Gen Anuson said.

Asked whether the restructuring would adversely affect the Armed Forces' development plan, Lt-Gen Anuson said whatever measures are adopted they must be discussed at length between the Defence Ministry and the Armed Forces. The officers know well what can be dispensed with and what should be retained.

Concerning the fate of the Capital Security Command [CSC], Lt-Gen Anuson said senior persons including Defence Minister Gen Banchop Bunnak and former army chief Gen Athit Kamlang-ek had already commented on it and there was no need for him to stretch the debate further. He also declined to comment on a government plan to use anti-riot police to deal with protesters replacing the CSC commanded by the military.

Meanwhile, Deputy Navy Chief Adm Prachum Kruawan said Adm Wichet Karunyawanit, the naval commander-in-chief, would "toe the line" when asked to respond to the restructure plan.

Kaset Says House Inquiry Into Unrest 'Not Fair'

BK2706034592 Bangkok THE NATION in English 27 Jun 92 p A3

[Text] Supreme Commander ACM [Air Chief Marshal] Kaset Rotchananin, in his first interview after the May political crisis, charged that the House committee investigating the bloody crackdown on pro-democracy protesters was not "neutral", to explain his refusal to appear before body.

Kaset, who has been virtually a recluse for more than a month told the Thai language newspaper DAILY NEWS this week that it was not fair that the House appointed MPs involved in the political conflicts against the previous government on the investigatory committee.

He said if he testified in person at the House committee hearing, he could face biased questions and his answers would inevitably spoil the atmosphere.

Kaset, and Army Commander in Chief Gen Itsarapong Nunphakdi, refused to show up at the hearings and instead had their written clarifications delivered to the committee.

"An inquiry body must comprise neutral members like the government committee investigating the events. The government has a clear policy in appointing members to the committee: none of them must have had anything to do with the May events. To be honest, I've never attempted to escape from anybody and I'm ready to clarify and take responsibility for what we have done correctly," he said.

Kaset sought to downplay the roles of the three committees set up to investigate the suppression of pro-democracy demonstrators last month. One of them was set up by the Defence Ministry.

He said he understood that the three panels' studies were primarily aimed at drawing lessons from the events and record them for survey by younger generation of soldiers.

The supreme commander, who was responsible for the controversial operations to disperse the demonstrations against former prime minister Gen Suchinda Khraprayun, said that the Armed Forces conducted a similar study on the October 14, 1976 student uprising for the same purpose.

He insisted that the police and military troops who participated in the May operations were legally protected under the Internal Peacekeeping Act and the state of emergency announced by the Interior Ministry.

"As a matter of fact, we in the Armed Forces are not concerned over the Executive Decree to grant amnesty to people involved in the May unrest because it was primarily issued to benefit people rather than officials.

"Without the amnesty, there would be necessity for comprehensive investigations to pinpoint the culprits involved in the burning of automobiles, police stations and other state properties. And this would have been a very tough process which may have taken many years to conclude," he said.

Kaset claimed that the military had never and would not be "directly involved" in politics.

"In the past it might have seemed as if we played politics but that was not the case. We look at politicians and political parties as key players and want to see a stable government as a integral part of national security.

"Therefore, we established contact with them. But we only exchanged ideas with them and gave advice," he contended.

Kaset denied that the Armed Forces image was sagging following the May crackdown.

He claimed that only people in the capital looked at the Armed Forces in negative light, while those in the rural areas across the country appreciated the contributions and help provided by the rank and file to develop their areas.

The supreme commander, who is also Air Force commander in chief, said that he remained undecided whether to quit the military and join politics.

He said that if there were opportunities for him in politics, he would definitely stand in an election.

"But as the political situation is now, I am not quite sure. I feel discouraged about becoming a politician, I would face so many problems.

"Nonetheless, everybody must try to help the country and I will look for good timing and assess the changing situation.

"I also have to consider whether, as a politician, I would be in a position make contributions to the country or not," he said.

Kaset denied that the annual military reshuffle this October would be linked to the May incidents.

He said that he expected changes at only unimportant positions in the annual reshuffle.

Asked about Gen Suchinda, Kaset said he felt sorry for the former prime minister for having been forced by circumstances to step down.

"We are sorry for him but it did not take much pain and time for him to live with it," he said.

Kaset added that Suchinda was staying at a residence in the compound of Suan Ruen.

Suchinda has avoided appearing in public since his resignation last month.

Officer: Soldiers Do Not Want Political Role

BK2706024592 Bangkok THE NATION in English 27 Jun 92 pp A1-A2

[Text] A prominent army officer, declaring that he was ready as a soldier to share responsibility for the May violence, said yesterday the whole episode provided the Armed Forces with an opportunity to look at how it could re-define its future roles.

Lt Gen [Lieutenant General] Surayut Chulanon, commander of the Special Warfare Command, in a panel discussion organized at Thammasat University to mark the 60th anniversary of the Constitutional Monarchy, said that the majority in the Armed Forces did not want to have a role in national politics.

Surayut, once an aide of former premier Gen Prem Tinsulanon, is a prominent officer in the up and coming generation of army leaders.

In the face of the public call for the military to take responsibility for the May bloodshed, Surayut said that soldiers could not evade it and he as one of them was ready to accept it.

"At this point," he said, "the military must look to the future and chart out the direction of its future roles."

He expressed confidence that the majority in the military institution wanted to stay away from politics, saying only some individual military officers were involved. The military, he said, should reduce its political roles and concentrate instead on its own task of defending the country.

"I subscribe to the thinking of [former Social Action Party MP] Dr Kasem Sinsamphan that the parliamentary system should be given a chance of continuity; otherwise, it would be extremely difficult for democracy to establish itself," he said.

He said the military wanted to see MPs who represented national interests rather than protecting partisan interests. But this could not be achieved unless vote-buying was eliminated, something which was extremely difficult, he said.

As a result, it might not be possible for Thai politics to be free of protecting partisan interests.

"And the military as a group is a vested interest, like business and other groups," he said. Surayut said military officers would be able to broaden their thoughts and attitudes if they were given more chances to exchange views with academics and businessmen.

At the same panel discussion, M.R. Sukhumphan Paribatra, a Chulalongkon political scientist, said that the political situation would continue to be unpredictable unless the military leaders responsible for the bloody operations last month left their posts.

"Outside pressure may not work in this case and therefore we may have to let the military settle it among themselves before more damage is done to our democratic system. I believe that they are intelligent enough. They know what is right and what is wrong and I think that soldiers do not want tyrants or murderers as their commanders," he said.

He expressed agreement with Prime Minister Anan Panyarachun that the duty to rule on who in the Armed Forces deserves what should be left to the legal process.

Sukhumphan, who was a policy adviser of former premier Gen Chatchai Chunhawan, said the military's role and influence in politics was shrinking and could never return to the previous high level because the conditions have already changed.

"The point is when and how the Armed Forces' influence will be reduced. Will the Armed Forces be chased back to their barracks by the public or will they curtail their roles voluntarily?" he said. He said he hoped it would be the latter.

"Not that soldiers should be discriminated against for having fewer rights than civilians. But soldiers differ from civilians in that they have weapons. They should use them against enemies and not the people," he said.

He said the military should also wash its hands of state-owned TV and radio stations. In times of economic boom, he said, military leaders must not be able to demand weapons from a civilian government. But civilians must also adjust their attitude by accepting the need for the Armed Forces to acquire sufficient and modern defence equipment, he added.

Sukhumphan said that society these days is much more complicated than before and soldiers must face the fact that they must be professional soldiers, well-versed in defence expertise, in the same way that bankers specialize in banking.

Soldiers must not think that they are good at everything, he added. He said that the overall structure of the Armed Forces might be hard to revamp because the institution must be one with clearcut lines of command.

But the Capital Security Command should be dissolved and each government agency should have its own security guards, he said.

"It's time the chief of the executive branch has his own helicopter which should land at civilian, and not military, airports," he added.

Another panelist, Professor Dr Puwadon Thongprasoet, a historian from Thammasat University, offered a more critical view of the military. He accused military officers who graduated from Chulachomklao Military Academy Class Five (who now dominate the top echelons of the military hierarchy) of having harboured political ambitions since they were under former premier Gen Chatchai Chunhawan.

When Chatchai was in power and was caught up in conflict with the military group, the professor said, he suggested to the former premier's son and adviser, Kraisak Chunhawan, that the prime minister should sack some 30 army officers to uproot "political soldiers" from the ranks of the military establishment.

Puwadon criticized some academics, businessmen and journalists for what he said was their collaboration with the corrupt military officers.

Military Role in State Enterprises Being Reduced

BK2906022992 Bangkok THE NATION in English 29 Jun 92 p B2

[Text] Minister Nukun won Cabinet approval on Monday to appoint Chawalit Thanachanan, chairman of Industrial Finance Corp of Thailand (IFCT), as chairman of the communication authority, ending a lengthy debate over the legality of ACM [Air Chief Marshal] Anan Kalintha's status.

The appointment added to other civilian appoinments, replacing military leaders on the board of State Railway of Thailand, Aeronautical Radio of Thailand, and Telephone Organization of Thailand [TOT]. Nukun's achievement was a significant step in reducing the military's influence in Thai state enterprises.

The move could not have come at a better time. After the traumatic events of May which brought the military's role in Thai society under closer public scrutiny, proposed changes abound. Reducing military influence in state enterprises—traditionally positions of reward for military leaders—is among the proposals.

ACM Anan's unwillingness last April to leave the CAT (Communication Authority of Thailand) chairmanship after accepting the interior portfolio during the brief Suchinda administration, gave Nukun a good basis for which to launch his attack. He swiftly nominated Chawalit and other civilians to replace Anan and his colleagues shortly after he grasped the legality of the issue.

Aside from Chawalit, Sisuk Changtharangsu, director-general of the Aviation Department, was named chairman of Aeronautical Radio of Thailand and Damrongchai Wichankaikit as director of TOT—a slot left vacant by the resignation of Gen Chatchom Kanlong. In addition, Atsawin Khongsiri, president of IFCT, was appointed director of State Railway of Thailand, replacing M.R. Pridiyathon Thewakun.

Anan had also been chairman of Aeronautical Radio of Thailand, but his position at CAT was more controversial given the fact that [as] an officer, [he] ignored CAT Act B.E. 2519, barring political appointees from being chairman or director, and convened a board meeting on May 20 to approve several investment projects.

Nukun's achievement represents an important step toward creating a new image for Thai state enterprises, many of which have long been dominated by the military. When Nukun was minister in the first Anan administration, he said publicly that chairmen and directors of state enterpriese must be competent persons, not just anyone seconded from the military. More importantly, these people must devote enough time to directing their agencies, while being respectable and non-partisan figures.

This vision could not become reality at the time, largely because the first Anan government was under the shadow of the now-defunct National Peacekeeping Council which overthrew the corrupt Chatchai government. The different context which brought in the new Anan administration, gave Nukun his opportunity to make the long overdue changes.

Tradition was apparently challenged when he named Sisuk as chairman of Aeronautical Radio of Thailand. A civilian chairman is unprecedented in the agency's 44-year history and, by tradition not charter, the No 2 man at the force is chairman of the unit.

The task at CAT has presented Chawalit, this former governor of the Bank of Thailand, with new challenges. In his own words, [he] said he is ready to quit if "I'm not capable of making it (CAT) better." His main task is to reorganize the state enterprise to ensure greater efficiency and transparent decision-making, particularly in financial matters.

In addition to new appointments, the Cabinet has tasked Nukun with finding the facts behind Anan's illegal presence as chairman of CAT in violation of the state enterprise's charter. Some senior officials at CAT and the Transport and Communications Ministry will face investigation. The question is why Anan breached the law and chaired the May 20 meeting. Permanent secretary Mahidon Chantrangkun and CAT Governor Atsawin Saowarot could face charges of collaboration.

Meanwhile, Nukun is unlikely to stop at last week's appointments. TOT and Thai Airways International (THAI) could be the next targets for these unprecedented changes, with their worsening image and rampant inefficiency. The THAI chairmanship and presidency are slots traditionally reserved for the air force chief and his immediate subordinate—something that needs to be changed given the prevailing competition in the aviation industry and the negative image besetting its present chairman.

Nukun and the Finance Ministry, which controls nearly all airline shares, have reportedly consulted on how to make changes. If tradition is to be abolished, the airline's Memorandum and Articles of Association will need to be altered by the Finance Ministry.

Panel Grills Former Deputy Minister on Unrest

BK2706022792 Bangkok THE NATION in English 27 Jun 92 pp A1-A2

[Text] Former deputy interior minister Wirot Pao-in yesterday tried to distance himself from the May 17-20 massacre by claiming that his task force, set up to quell the political rallies, had been dissolved by the Supreme Command before the bloodshed occurred.

Speaking about the bloodbath to a parliamentary hearing in which he came under intense grilling, Wirot claimed that he had received a "phone order" from a senior military officer on May 15, saying the task force had been abolished.

Wirot told the House committee probing the bloodshed that he could not remember who the officer from the Supreme Command was.

But the former minister virtually admitted to reporters after the hearing that he had lied to the House panel.

When pressed on whether he was unable to remember the officer's name or could not reveal it, Wirot said "both".

"I tried to mention third parties as little as possible," Wirot told reporters after the hearing.

"I do remember who called, and I believe that the House panel will be able to find out by itself."

The task force was set up by Supreme Commander ACM [Air Chief Marshal] Kaset Rotchananin in his capacity as director of the National Peacekeeping Forces.

Wirot, who was a classmate of ousted prime minister Gen Suchinda Khraprayun and Army chief Gen Itsaraphong Nunphakdi, was appointed head of the task force.

Kaset, Itsaraphong and former interior minister ACM Anan Kalintha again were absent from the hearing yesterday citing earlier-scheduled business, panel spokesman Songsuk Pakkhasem said..

The three generals refused last week to give their personal testimonies to the House committee and submitted their written statements instead.

Several times yesterday, Wirot cited poor memory in his efforts to clear himself of blame for the brutal suppression of pro-democracy demonstrators.

"I don't know", or "I can't remember", was repeatedly stated by Wirot when fielding crucial questions from members of the House panel.

When asked by a panel member, Praphan Hutasing, how many times the Suchinda Cabinet had met to assess the political situation from May 7 to 21, Wirot said he could not remember, nor could he recall the content of the meetings.

Wirot, who resigned as metropolitan police commissioner to accept the Cabinet post in the short-lived administration, said he could not remember how many times his task force had met to discuss measures to deal with the rallies.

Wirot said he had never given written orders to the task force.

But all measures adopted by it were the result of resolutions arrived at by him and other task force members.

"Deputy Police chief Pol Gen [Police General] Mana Khrutchaiyan was also a task force member and attended the meeting every time.

"The orders did not come from me [alone]," Wirot said.

The former minister clearly distanced himself from the military when he told Praphan that "I didn't know at what time military troops replaced policemen to quell the demonstrators. You'll have to ask those who used force".

Suthep Thuaksuban, another panel member, argued that Wirot made statements contradictory to those of Police Director General Sawat Amonwiwat.

Sawat said he had been replaced by Wirot in commanding the police from the time of the task force's formation on May 8 until after the bloodshed.

Wirot replied that he did not know what Sawat had said in his testimony but insisted that he had not given orders related to the protests since May 15.

But Wirot soon contradicted himself when he tried to defend himself against testimonies given last week by his successor in the Police Department, Metropolitan Police Commissioner Pol Lt Gen Narong Rienthong.

Narong had told the House panel that the Nanglemg Police Station was set ablaze after Wirot had ordered police to retreat from the station to a nearby bridge early on May 18.

Soldiers started the brutal crackdown after the station was burned down.

Wirot yesterday said he had told the policemen at the station, including Narong, to pull out only after he had learned from a police officer that they could not resist the crowds who threatened to break in.

"I told them to use an earlier-agreed upon plan to pull out to Thewakam Bridge," Wirot told the panel.

Wirot declined to answer when pressed three times by Prachakon Thai MP Lalita Roeksamran as to whether he, as a former Cabinet member, should be held responsible for the bloodshed.

"It would be like blaming others if I answered this question," Wirot said.

The House panel said it would summon Sawat and Narong to testify again because their testimonies had contradicted Wirot's statements.

Businessmen Form Democracy Advocate Clubs

BK2906054592 Bangkok BANGKOK POST in English 29 Jun 92 p 13

[Excerpt] The Asa Patthana Kan Muang (Political Development Volunteers) and Ploenchit 35 clubs, which were set up by Business Management Service Co [BMS], will open their offices on Sukhumwit this week. BMS, a group of Thai business elites, decided last Wednesday that they would participate in Thai politics via two clubs.

Thanadi Sophonsiri, one of BMS's core members, told BUSINESS POST at the weekend that both clubs would welcome all democracy-lovers to work together to improve the political system. Mr Thanadi, currently managing director of Nava Finance & Securities Co, said the two clubs would have permanent staff to manage the offices and organise the clubs' activities.

As a coordinator of the two clubs, he said, many business firms and individuals have contacted his group to express their wish to support the BMS's democracy development activities.

"Grammy Entertainment Co is an example, the company contacted some of BMS's core members to help the group produce several types of mass media. They will carry contents about how to choose good candidates to be members of parliament," Mr Thanadi said.

The Asa Patthana Kan Muang Club plans to provide financial and technical assistance to reach its objective of helping good politicians and political parties enter Parliament. The Ploenchit 35 Club aims to improve the democratic system by arranging mass media productions and seminars about politics and democracy, especially in rural areas. The aim is to improve the political knowledge of the people in those areas.

Mr Thanadi, like many BMS members, was a former member of the defunct New Force Party. In the past two decades many students and academics, young businessmen and even labourers and farmers have become politically aware. During that time, many academics, doctors and young businessmen joined the New Force Party, and ran in general elections.

Mr Thanadi said BMS is a small group, so he and his colleagues understood that they could not improve the society by themselves. But, as Thai citizens, it was their duty to contribute something to society now, as it is now time for political contributions.

"Now I believe that economic development cannot improve alone, but instead we should jointly improve our political system," Mr Thanadi said. [passage omitted]

Military Urges UNTAC To Warn Before Overflights

BK3006004792 Bangkok THE NATION in English 30 Jun 92 p A3

[Text] The Thai military has urged the United Nations mission in Cambodia to avoid violating Thai sovereignty and to notify Thailand before scheduling any UN flights across Thai territory.

Several incidents when UN aircraft or helicopters transgressed Thai airspace without prior notice or Thai air clearance prompted Thai officers and officials to make a protest.

The latest violation happend on June 11 when a C-160 aircraft was detected over the northeastern province of Ubon Ratchathani on a mission to Vientiane in Loas, prompting the Thai Air Force to send out an intercepting aircraft.

One of the worst cases was on June 10 when an UNTAC helicopter flew into Thai airspace and landed near the border in Kap Choeng district of Surin province, without prior notification, to pick up supplies and personnel. While taking off the helicopter caused heavy air disturbance and part of the engine broke loose, injuring one villager.

Vietnam

John Vessey, Others Cited on Comments on MIA's

BK2906125692 Hanoi Voice of Vietnam in English 1000 GMT 29 Jun 92

[Radio commentary]

[Text] In his speech at a U.S. Senate hearing on June 24th and 26th on the issues of POW's and MIA's, U.S. presidential special envoy on MIA General John Vessey said that after five years of discussions with Vietnam, no evidence on live Americans could be found either in the former Soviet Union or in Vietnam. Here is our radio comment:

Once again, the POW issue has become a hot debate in the United States and like other reports on Americans in Vietnam, has been treated by many American officials as groundless. At a recent Senate hearing, many of them, including General John Vessey who had made short visits to Vietnam in the last several years, affirmed that there are no evidences supporting the claim of live Americans remaining in Vietnam after the war. General John Vessey had played an important role in the progress obtained in the issues of POW's and MIA's.

According to him, Vietnam has responded to all U.S. requests for investigations and searches. By now, Vietnam has returned to the U.S. side almost 500 sets of remains of American soldiers. In their recent visit to Vietnam, Senator John Kerry and others acknowledged Vietnam's goodwill and positive attitude toward the MIA issue. Even the former deputy assistant to the U.S. under secretary of defense, Mr. (Arsy) who was in charge of the POW and MIA issues in the years from 1971 to 1977 also affirmed that there are no live Americans being kept in Vietnam after the end of war. Former U.S. Ambassador to Moscow Mr. (Theo) also declared that there are no live Americans captured during the Vietnam War being kept in the former Soviet Union.

The Russian paper LITERATURE in a recent issue reported that members of a joint Russian-U.S. commission had flown to the (Portroya) Camp in northern Russia to look for an American GI whose name (David Maxim) [words indistinct] but at the end they found nobody. The article concluded by saying that, talking about providing information on MIA's to the U.S. side, [word indistinct] the Vietnamese authorities were more concerned than anyone else because they want to eliminate the last barrier in order to normalize Vietnam's economic relations with the United States.

Lawyer Affirms Sovereignty Over Spratlys

BK2906155592 Hanoi VNA in English 1406 GMT 29 Jun 92

[Text] Hanoi VNA Jun 29: Luu Van Loi, a lawyer well versed in questions of borderline, has made it clear that the so-called "Wan An Bei 21" area where China [words indistinct] of the US plan to explore for oil lies squarely on Vietnam's continental shelf. In an article published in the English-language VIETNAM NEWS, June 28, Luu Van Loi wrote: On May 8, 1992, Wang Yan, executive vice-president of China's National Offshore Oil Corporation (CNOOC), and Randall Thompson, president of the Crestone Energy Corporation of Denver, Colorado, USA, signed a contract to explore for oil on "Wan An Bei 21" covering an area of 25,000 sq. km. China said the area "lies completely within China's 'Nansha' islands and its contiguous sea area," and once again claimed that the "'Nansha' islands are part of China's territory". But, according to the coordinates of the islands announced by China itself, the area called "Wan An Bei 21" is part of the continental shelf of the Socialist Republic of Vietnam. For hundreds of years now the Truong Sa islands, called "Nansha" by China, have been under the Vietnamese state's effective occupation and effective, continual administration. In keeping with the norms of international laws, that group of islands—like the Hoang Sa group—are under Vietnam's territorial sovereignty. There is no such thing China's "Nansha" and "Isha". Yet, it is not the aim of this article to talk about sovereignty over "Nansha" and "Isha". The point is to see where the area China calls "Wan An Bei 21" lies and to whom it belongs. Point four in a statement issued by the SRV Government on May 12, 1977 says : "The continental shelf of the Socialist Republic of Vietnam comprises the seabed and subsoil of the submarine areas that extend beyond the Vietnamese territorial sea throughout the natural [word indistinct] of the Vietnamese land territory to the [word indistinct] of the continental margin, or to a distance of 200 nautical miles from the baseline used to measure the breadth of the Vietnam [words indistinct] outer edge of the continental margin does not extend up to that distance. The Socialist Republic of Vietnam exercises sovereign rights over the Vietnamese continental shelf in the exploration, exploitation, preservation and management of all natural resources consisting of mineral and other non-living resources, together with living organisms belonging to sedentary species there on". This stipulation by the SRV Government fully conforms with the stipulation of the continental shelf by the United Nations' convention on the Law of the Sea signed in Montego Bay, Jamaica, on December 10, 1982. The convention, in Article 77 paragraph 1 stipulates: "The coastal state exercises over the continental shelf sovereign rights for the purpose of exploring it and exploiting its natural resources". Paragraph 2: "The rights referred to in paragraph 1, are exclusive in the sense that if the coastal state does not explore the continental shelf or exploit its natural resources, no one may undetake these activities without the express consent of the coastal state".

Paragraph 3: "The rights of the coastal state over the continental shelf do not depend on occupation, effective or notional, or on any express proclamation".

Proclamation history is clear, so is international law. The so called "Wan An Bei 21" in fact lies within Vietnam's continental shelf, the closest part being only 84 nautical miles (about 160 km) from Vietnam's baselines. This area belongs to Vietnam's sovereign rights whether it is occupied or not, explored and exploited or not. In reality, Vietnam has set up economic, scientific and services facilities in this area and made public announcements to the effect on August 14, 1989 and August 16, 1989. This is a clear violation of Vietnam's continental shelf, a serious encroachment on international sea law.

That action has caused indignation among the Vietnamese people and concern among the peoples of the countries on the [word indistinct] sea. The Foreign Ministry of the Socialist Republic of Vietnam has protested against that violation and demanded that the Chinese side stop conducting, together with Crestone, exploration and exploitation on a part of Vietnam's continental shelf. The Vietnamese Government is resolved to defend its sea areas and continental shelf. At the same time, it actively tries to create, together with China and other Southeast Asian countries, in atmosphere of mutual trust and cooperation on the basis of respect for each other's independence, sovereignty and territorial integrity, for a peaceful, cooperative and developing Southeast Asia. This is the irreversible course for the present situation in the region and the world.

Official Criticizes China's Policy

BK2906092692 Hong Kong AFP in English 0912 GMT 29 Jun 92

[By Andrew Sherry]

[Text] Hanoi, June 29 (AFP)—China's latest effort to reinforce its claim to the Spratly islands shows it is pursuing a "hegemonist" policy beneath a peaceful facade, a senior Vietnamese source said Monday.

By leasing a oil exploration concession near the disputed islands to a U.S. company, Beijing is also trying to derail Hanoi's rapprochement with Washington, he said.

"China is showing a peaceful face to all countries, but I don't think that China has ever abandoned its hegemonist policy," said the source, who is close to Vietnam's leadership.

Hanoi has lodged repeated protests since China leased an oil exploration block between the Spratly islands and the Vietnamese coast to an independent U.S. oil company, Crestone Energy Corp., in May.

"China wants to avoid problems with ASEAN, so they chose a zone close to Vietnam," the source said, adding that the exploration zone intruded well inside the 200-mile (320-kilometer) territorial limit off Vietnam's coast.

Three members of the Association of Southeast Asian Nations (ASEAN)—Brunei, Malaysia and the Philippines—claim part or all of the Spratlys, as do China, Taiwan and Vietnam.

Representatives of the six claimants, plus Laos and ASEAN members Indonesia, Singapore and Thailand, opened a four-day meeting Monday in Indonesia on avoiding conflicts in the South China Sea, where the Spratlys are located. "China doesn't want normalization between Vietnam and the USA," the Vietnamese source said. "It won't profit China, which always wants to isolate Vietnam."

"It's no coincidence that the company they picked was American," a Western diplomat agreed.

The establishment of normal trade and diplomatic relations with the United States would boost Vietnam economically and politically, strengthening its hand as it negotiates a range of outstanding disputes with Beijing.

The dispute over the oil concession is not grave enough to derail the normalization of relations between Vietnam and China, agreed by their two communist party chiefs during a November summit in Beijing, the Vietnamese source said.

"We have always expected difficulties with the normalization process because we have had problems with China for centuries," he said, stressing that Hanoi wished to settle the differences through peaceful negotiations.

While China might be pushing the limits in the Spratlys, it also wants to avoid open confrontation, he said.

"So far China has not sent its fleet to that area" despite having suggested that it could provide naval protection for the U.S. oil explorers.

China's navy sank two Vietnamese frigates near the Spratlys in 1988. China, with by far the most powerful navy in the region, occupies eight of the Spratly's islets to 21 by Vietnam and one—the biggest—by Taiwan.

Though several of the islets are nothing but semi-submerged rocks, the Spratlys straddle strategic sea lanes and are believed likely to sit atop potentially large oil and mineral deposits.

A Western diplomat said China appeared to have picked the timing and method of its latest push into the Spratlys carefully.

"China is aware that Vietnam cannot afford a confrontation over the Spratlys at this time, either politically or militarily," the diplomat said.

Vietnam has pushed hard to diversify its international economic and political relations in the wake of the collapse of the Soviet Union, and is hoping to sign in July the Bali Treaty as a first step toward joining ASEAN.

Vietnam has also demobilized some 500,000 soldiers since 1989, leaving it with an army of about 600,000 men but without as yet an arms supplier to replace the Soviet Union, according to a foreign military attache.

Vietnam's navy, a motley collection of ships acquired from the socialist bloc or left behind when the United States pulled its forces out of South Vietnam in the 1970s, would be no match for China's, he said.

The attache drew a parallel with China's takeover of the Paracel islands, another South China Sea archipelago also claimed by Vietnam, in 1974 after a brief clash with South Vietnamese forces.

"The Saigon regime was disintegrating, and the Vietnamese of the north couldn't do anything. Not only because they were allied with China, but because they were at war with the south," he said.

Spokesman Rejects Khmer Rouge 'Fabrication'

BK2706151092 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Jun 92

[Text] According to AGENCE FRANCE-PRESSE, on 24 June, the Democratic Kampuchea radio reported that its guerrillas had arrested a Vietnamese officer in early June in central Cambodia. The spokesman of the SRV Embassy is authorized to categorically reject this ill-intentioned fabrication.

Vietnam has several times declared that the Vietnamese volunteer troops have withdrawn from Cambodia since September 1989, and since then Vietnam has sent neither troops, advisors nor military experts back to CAmbodia.

On 30 May, Vietnam officially informed UNTAC [UN Transitional Authority in Cambodia] of this fact. That the Democratic Kampuchea radio has continued to create false rumors and fabricate the presence of Vietnamese troops in Cambodia aims to cover its violations of the peace agreement on Cambodia which the general public is vehemently condemning.

Vo Chi Cong Successor Discussed at Party Meeting

BK3006014092 Hong Kong AFP in English 1222 GMT 29 Jun 92

[Text] HANOI, June 29 (AFP)—A Vietnamese Communist Party Central Committee plenum finished Monday after 10 days of discussion on security problems related to the policy of opening up of Vietnam, an official source said.

According to the source, close to the political leadership, participants at the meeting which came less than three weeks before general elections here also tackled the problems of renewal in the state hierarchy, particularly the election of a president and the composition of the government.

[words indistinct] does not believe in the existence of "an international plot against Vietnam," the source said, but there are "reactionary elements" among Vietnamese overseas who want to take advantage of the opening up of the country to destabilize the socialist government.

Vietnam for the last several years has opened its economy to capitalist countries in response to a lasting economic crisis that has been aggravated by the disintegration of the Soviet Union, Hanoi's quasi-exclusive partner for decades, and the socialist bloc.

In the last year, the Vietnamese have begun to pursue diplomatic relations with members of the Association of Southeast Asian Nations (ASEAN). Ties are to be confirmed with the signing of the Treaty of Bali—ASEAN's document of origin—by Hanoi in July.

According to the source, participants also discussed the best candidate to replace current head of state Vo Chi Cong, who presides over the state council that will soon disappear under the newly adopted constitution.

General Le Duc Anh, party number two and a government strongman, is "the principal choice," said the source, who added that party Secretary General Do Muoi also has partisan support for the position.

The new head of state must be designated by the National Assembly after it is elected in general elections scheduled for July 19.

"There could well be changes in a government that cannot wait for the elections," said the source without providing further details.

In a cabinet reshuffle at the end of May the ministers of finance and justice were changed and a ministry of population and family planning was created.

Vo Chi Cong, Nguyen Van Linh Awarded Medals

BK2506153592 Hanoi VNA in English 1447 GMT 25 Jun 92

[Text] Hanoi VNA June 25—The State Council held a ceremony here today to confer the Gold Star Order, the highest distinction of Vietnam, on Nguyen Van Linh, former general secretary of the Communist Party of Vietnam Central Committee, and Vo Chi Cong president of the State Council, in ackonowledgement of their contributions to the struggle for national liberation and social contruction of Vietnam.

Both Nguyen Van Linh and Vo Chi Cong are advisors to the party Central Committee.

Speaking at the ceremony, party General Secretary Do Muoi praised the two revolutionary veterans as excellent disciples of president Ho Chi Minh. Their revolutionary activities, he said, were closely linked with the revolutionary cause of the party and the nation in the past half a century. Together with the Political Bureau and Central Committee they had made great contributions to the victory of the struggle the path chosen by president Ho and the Vietnamese people, he added.

Number of Assembly Candidates Stands at 601

BK2906085092 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 23 Jun 92

[Text] At a press conference held in Hanoi yesterday afternoon, the electoral council made public the list of 602 candidates for election to the ninth National Assembly.

This afternoon we have just received a note from the electoral council saying that, at the request of the Soc Trang provincial election committee, the electoral council has agreed to let Mr. Nguyen Van So withdraw his name from the list of candidates in Soc Trang.

Thus, the total number of candidates for election to the Ninth National Assembly is 601.

Government Closes Semi-Official Businesses

BK2906082192 Hong Kong AFP in English 0535 GMT 29 Jun 92

[Text] Hanoi, June 29 (AFP)—Vietnam has closed hundreds of businesses set up by government agencies, Communist Party organizations and the army pending their reorganization as independent companies, a semi-official newspaper said Monday.

Prime Minister Vo Van Kiet signed the order in early June following complaints that many government services were devoting more resources to these sideline businesses than to their official functions, the weekly VIETNAM INVESTMENT REVIEW (VIR) said.

The enterprises, which range from automotive garages to hotels to nightclubs, were given five months to reorganize as legally registered private companies, cooperatives or state enterprises—or face extinction.

The businesses were launched in the late 1980s by central and local government agencies, organizations connected to the party, army and police units and academic institutions to generate supplementary income for employees. They received the government's green light in 1990 on the assumption that many official organizations had considerable excess capacity that could be used to generate income for their poorly paid staff. But these semi-official businesses, which flourished notably in southern Vietnam's booming Ho Chi Minh City, quickly grew out of control.

"Many of these enterprises have tended to consider the supplementary business as the main one and illegitimately channeled many resources into these enterprises at no cost (including electric and water supply, transport and manpower) thus neglecting and weakening the functioning of their main duties," VIR said. It singled out production enterprises and trading companies as the worst offenders.

"In several instances (the semi-official businesses) have engaged in undesirable business activities such as illegal trafficking of contraband goods...and production of fake goods," VIR said.

The decision fits with Vietnam's policy of restructuring its centrally planned economy along free-market lines, a policy that has led to dramatic cuts in subsidies for state enterprises. Vietnam this month also began the experimental privatization of a small number of state enterprises.

Australia

Court Orders Government To Face Nauru Claim

BK2706085692 Melbourne Radio Australia in English 0500 GMT 27 Jun 92

[Text] The International Court of Justice has ruled that Australia must face the multimillion dollar claim brought against it by the small Pacific nation of Nauru.

The court rejected six of seven objections filed by Australia in the dispute with Nauru, which Australia administered as a United Nations trust territory before independence in 1968. Australia had argued that the court did not have the jurisdiction to decide on Nauru's claim for 72 million dollars compensation for phosphate mining on the island before it achieved idependence. Australia had also argued the case should involve New Zealand and Britain, which shortly controlled the island before its independence.

The court ruled against this as well although it added the case might have implications of the legal situation of the other two countries concerned.

Fiji

President Opens First Parliament in 5 Years

BK2906085692 Hong Kong AFP in English 0742 GMT 29 Jun 92

[Text] Suva, June 29 (AFP)—Parliamentary democracy returned to Fiji Monday, five years after the then army commander and now Prime Minister Sitiveni Rabuka overthrew the Indian-led government of Timoci Bavadra and declared Fiji a republic.

The new Parliament House was officially opened by Fiji's president Ratu Sir Penaia Ganilau.

In his speech outlining the new government's policies, Ganilau indicated that talks on the review of Fiji's racially discriminatory constitution would begin soon between government and other political parties.

Fiji's 1970 constitution was abrogated by Rabuka after the 1987 coups, designed to ensure the supremacy of ethnic Fijians over the similar-sized Indian population.

It is believed the government is to prepare a paper on the mechanism for review of the constitution and put it to the House of Representatives in the September session.

"There is provision for the review of the constitution to take place within the next five years, and the government will soon initiate a process of consultation with all political parties in parliament," Ganilau told the 70 MPs elected in late May.

"This constitution cannot be improved upon unless all communities in this country, led by their parliamentary representatives, are willing to listen to one another and work towards changes that can be supported as required under the constitution," Ganilau said.

"I believe that there is enough goodwill, patience and tolerance in this house, in the community at large and in the Great Council of Chiefs for dialogue and practical agreements to be achieved," he said.

Ganilau's comments would have pleased both the Labour Party, which backed Rabuka in his bid for the prime ministership in return for assurances on the constitution among other things, and the Indian-backed National Federation Party.

Both parties had threatened to boycott parliament until assurances were given on a constitutional review.

But Ganilau's address showed that the new government would stay with the previous interim administration's policies rather than rock the boat for the time being.

Ganilau said the new government was committed to pursuing the former administration's economic development strategy, which saw average economic growth of 4.2 percent a year since 1987.

"However, as an elected government, it will take account of the effect of policy changes on the majority of ordinary people in Fiji," he said.

As such, the new Value Added Tax is to come into effect on July 1 in spite of earlier reservations by Rabuka and will be reviewed in 18 months.

Investment and trade forums are to be mounted next year to attract new investors and gain new export markets.

Trading links with South East Asia are to be emphasized, with the aim of raising "our profile in this important part of the world," Ganilau said.

Trade missions to Taiwan and Korea are planned for this year, with a Malaysia week promoting Fiji to be staged in 1993.

Ganilau said there was much to be attained from closer cooperation with South East Asia including "preferential trade access, technology transfer and increased investment from the most dynamic econonmic group in the world."

A bilateral trading relationship with Papua New Guinea is also being coinsidered, as well as preferential trade access to other South Pacific states.

Ganilau said mining legislation is to be reviewed to "ensure that the Fijian landowners and citizens of Fiji generally have a real and equitable share in the income from Fiji's mineral resources."

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